DOCUMENT RESUME

ED 468 175 HE 035 167

TITLE	Review of Alternative State-Level Higher Education Governance Structures.
INSTITUTION	Oregon Univ. System, Eugene. Office of Academic Affairs.
SPONS AGENCY	Oregon State Board of Higher Education, Salem.
PUB DATE	2001-12-21
NOTE	72p.
PUB TYPE	Information Analyses (070)
EDRS PRICE	EDRS Price MF01/PC03 Plus Postage.
DESCRIPTORS	*Educational Administration; Educational Innovation; Educational Practices; *Governance; *Higher Education; Models; State Programs
IDENTIFIERS	Oregon; *Oregon University System

ABSTRACT

As part of the educational planning process, the Oregon State Board of Higher Education requested this review of alternative models for the Oregon University System (OUS). Staff of the Board of Higher Education synthesized existing literature on the variety of U.S. higher education governance structures, including newer models such as the public corporation, and described other recent developments in governance. Review findings show that 23 states have consolidated governing boards, similar to the current Oregon Board. Twenty-five states have coordinating boards, with more limited authority than consolidated boards. Some of these boards are advisory; others are regulatory with more authority for program approval. Seven states were selected to illustrate the various ways in which governance responsibilities are delegated. The strengths and weaknesses of the two major governance structures are discussed, and the public corporation model, which has been implemented by one Oregon institution and several other higher education systems, is described. The experiences of other states, including Florida and West Virginia, in developing new models of governance for higher education, are outlined. (Contains 11 tables and 47 references.) (SLD)

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Oregon University System

Review of Alternative State-level Higher Education Governance Structures

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Prepared for the
Oregon State Board of Higher Education
December 21, 2001

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Table of Contents

Page

Executive Summary i
Review Summary: Alternative State-level Higher Education Governance Structures i

Historical Context 1

Governance Structures 3
State-level Structures 3
Consolidated Governing Boards 3
Coordinating Boards: Regulatory and Advisory 3
Planning Agencies 3

"Sub-State" Governance Structures 3

Current Governance Structures in the U.S. 4
Table 1 State Higher Education Governance Structures 5

Role of Governing Boards 10
Table 2 State Higher Education Governance Structures and Their Major Responsibilities 11

Academic Responsibilities 12
Table 3a State Higher Education Governance Structures and Their Academic Responsibilities 13

Fiscal Responsibilities 13
Table 3b State Higher Education Governance Structures and Their Fiscal Responsibilities 14

Personnel Responsibilities 15
Table 3c State Higher Education Governance Structures and Their Personnel Responsibilities 15

State Higher Education Policy Responsibilities 16
Table 3d State Higher Education Governance Structures and Their State Higher Education Policy Responsibilities 16

Central Higher Education Board Operations Responsibilities 17
Table 3e State Higher Education Governance Structures and Their Central Higher Education Board Operations Responsibilities 17

Other Responsibilities 18
Table 3f State Higher Education Governance Structures and Their Other Responsibilities 18

Page

Representative State Governance Responsibilities 19
Idaho 19
Table 4 State Board of Education and Board of Regents, University of Idaho 21

Georgia 19
Table 5 Board of Regents of the University System of Georgia 22

Maine 19
Table 6 University of Maine System Board of Trustees 24

Nevada 19
Table 7 The Board of Regents of the University & Community College System of Nevada 26

New Jersey 20
Table 8 New Jersey Commission on Higher Education 28

Washington 20
Table 9 Washington State Higher Education Coordinating Board 30

Wisconsin 20
Table 10 Board of Regents of the University of Wisconsin System 32

Governance of Public Higher Education in Oregon 34
Early History of Governance of Public Higher Education in Oregon 34

Recent History of Governance Changes in Oregon Public Higher Education 35
Table 11 Oregon State Board of Higher Education 37

Strengths and Weaknesses of Major Governance Structures 40
Consolidated Governing Boards 40

Coordinating Boards 41

Planning Agencies 42

Management Flexibility and the Public Corporation Model 43
Public Corporation: Case Studies 44

University System of Maryland: From Consolidated Governing Board to Public Corporation 44
Creation of the University of Maryland System 44
Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland 45
Restructuring to Public Corporation Status 46
Conclusion 47

Page

Oregon Health & Science University: From Institutional Member of a Consolidated Governing Board to Public Corporation 47
Evolution of a Specialized Institution 47
Impact of the Changing Environment for Health Care on OHSU 47
Planning toward Restructuring 48
Becoming a Public Corporation 49
Conclusion 49

Recent State-level Governance Changes **51**
Florida 51

West Virginia 52

Considerations Preceding Reorganization and Restructuring of State Higher Education Governance Structures: Advice from Experts **54**
Experiences Drawn from Other States 54

Lessons for Policymakers 55

Lesson for Executives 56

References **57**

Executive Summary

Foreword

As state policy leaders, members of the Oregon State Board of Higher Education routinely face difficult decisions about their universities. Concerned first and foremost with access for students to high-quality learning opportunities and career preparation, the Board is currently dealing with the challenges of success. Enrollment is at an all-time high, while funding is constrained. Societal expectations are also high. They include access but also go well beyond it to research that drives the economic engine of the state, and to public services that extend faculty expertise to solving problems and improving the quality of citizens' lives. These are responsibilities public higher education shares with its partners in other sectors. At the same time, unprecedented challenges to higher education are emerging from enormous demographic, technological, economic, and political changes occurring around the world and here in Oregon. These transformations create tensions and raise questions about whether the way our enterprise is organized to fulfill important goals and purposes is the "right" way for Oregon. Is there policy consensus on the balance between continuity and change in the Oregon University System design for the structure, governance, finance, and accountability that will facilitate adaptation to our new environment and its expectations?

In July 2001 and again in September 2001, the Board met with an Association of Governing Boards' facilitator, Dr. Terrence MacTaggart, to discuss Board functioning and its strategic planning agenda for the coming year. One of the consistent themes of these discussions centered around balancing continuity in the governance arrangements for public higher education that Oregon has evolved over many decades, with the appropriate decentralization of responsibility to universities that enables adaptation to a dynamic future. It should be noted that these general concerns have been seriously deliberated by the Board's committees in recent years and a number of changes, both incremental and substantial, have been made.

Dr. MacTaggart suggested that it would be useful for the Board to review alternative system models to establish a common framework from which discussion might proceed. To that end, in the report that follows, staff has synthesized existing literature on the rich variety of American public higher education governance structures, including newer models (i.e., the public corporation), and described other recent developments. Although it is a truism, it must be said that while familiar patterns of governance repeat themselves across the 50 states, each state's history, culture, and politics have imprinted a highly individualized design on the governance models that have evolved.

Review Summary: Alternative State-level Higher Education Governance Structures

Statewide governance of public higher education began just after the start of the 20th century and flourished after World War II, in large part because the GI Bill greatly broadened access to college. Early in the century, most colleges and universities had individual institutional governing boards; however, by the 1970s, that changed. The complexity of the postsecondary institutions and the society being served resulted in most states deciding to implement multicampus or system boards.

Governance Structures

Higher education analysts have developed a common taxonomy regarding state-level boards. *Consolidated governing boards* generally have the broadest range of authority over their constituent institutions. Responsibilities typically include:

- budget development and recommendation to the legislature,
- academic program review and approval,
- appointment, evaluation, and removal of system and institution heads,
- resource allocation,
- mission determination,
- auditing/assessment,
- coordination of centralized services,
- advocacy at the institution, state, and federal levels, and
- policy analysis and strategic planning.

Currently, 23 states (including Oregon) have consolidated governing boards.

Twenty-five states have *coordinating boards*, which have more limited authority than consolidated governing boards. In general, states with coordinating boards rely on institutional boards for governance activities while their coordinating boards focus on broader, statewide policy and system issues. There are two types of coordinating boards: *regulatory* and *advisory*. Regulatory boards generally have authority to approve academic programs whereas advisory boards usually make recommendations only. Some advisory boards also have other administrative responsibilities in such areas as student financial aid.

Typical responsibilities for regulatory coordinating boards include:

- mission approval,
- academic program review or approval/recommendation
- budget development,
- statewide planning, and
- providing advice to governor/legislature on higher education issues.

Advisory coordinating boards participate only in the planning and advising parts of those responsibilities. Their role is quite similar to *planning agencies*. Only two states have planning agencies, whose job it is to conduct statewide master planning and advise the legislature and/or governor on issues relating to higher education.

The structures/models become somewhat mixed, because higher education governance and advisory activities also occur below the state level, especially in those states with coordinating boards. Twenty-six states have individual university/college boards, with responsibilities along a continuum from serving as goodwill ambassadors to providing significant governance to the institution. Twenty-four states have at least one multicampus board, ranging in size from two campuses (University of Virginia) to the State University of New York (64 postsecondary institutions). Like the institutional boards, the extent of the board responsibilities varies widely. Finally, the reader should note that 15 of these states have both multicampus boards and individual institutional boards.

State Examples of Governance

Seven states were selected to illuminate in greater detail the various ways in which governance responsibilities are delegated.

Idaho

Idaho's eight-member consolidated governing board is what many refer to as a "superboard," governing kindergarten through graduate school. Part of what enables this structure to work is the small size of the state's population. Their fall 2001 postsecondary headcount enrollment, which includes high school vocational as well as two-year and four-year institutions, was 56,854.

Georgia

Georgia's University System is governed by a 16-member consolidated governing board, appointed by the governor, whose members serve seven-year terms. The board has authority over four-year universities and colleges and community colleges. The University System is composed of 34 institutions: 4 research universities, 2 regional universities, 13 state universities, 2 state colleges, and 13 two-year colleges.

Maine

The Board of Trustees of the University of Maine System is a consolidated governing board. Fifteen of the 16 members are appointed by the governor for five-year terms. The board has authority over the four-year universities and colleges. In addition, each institution has its own board of visitors, which has limited authority.

Nevada

The 11 members of the Board of Regents of the University and Community College System of Nevada are elected by the public to serve six-year terms. Like other consolidated governing boards, they have significant authority over the campuses they serve.

New Jersey

New Jersey has three distinct statutory bodies assigned to oversee postsecondary education in the state. The New Jersey Commission on Higher Education is a regulatory coordinating board with authority over the four-year public universities and colleges, community colleges, private institutions, as well as three degree-granting proprietary schools. A second layer of authority consists of the individual public university boards. A third layer is the Presidents' Council, with responsibilities such as reviewing and commenting on new academic programs and recommending new postsecondary institutions.

Washington

A regulatory coordinating board closer to home, Washington's nine members are appointed by the governor for four-year terms. The board oversees the state's four-year institutions and community colleges. In addition, the community and technical colleges also have a nine-member state board. The four-year institutions each have their own board with specific institutional authority.

Wisconsin

The 17-member Board of Regents of the University of Wisconsin System is a consolidated governing board with authority over 26 institutions (13 four-year and 13 two-year). The Regents serve seven-year terms and are appointed by the governor. There are no institutional boards.

Strengths and Weaknesses of Two Major Governance Structures

As some states seek to address their educational problems through decentralization (e.g., Florida), others have sought solutions through unification (e.g., Texas, Minnesota). Understanding strengths and weaknesses of enduring models, as well as emergent ones, may lead toward reforming them without decimating stable structures.

Consolidated Governing Board

Strengths	Weaknesses
board has comprehensive authority	presidents' powers to lead institutions are circumscribed by powers of board/ Chancellor
balance needs of state and institutions	difficult to balance needs of state and institutions fairly
board can muster synergy/resources of multiple institutions to solve problems, meet state needs	board may be unduly influenced politically
board can ensure overall accountability for the sector's performance	difficult for board to gain depth/breadth of knowledge to make the many complex decisions required of it

Coordinating Boards

Strengths	Weaknesses
scope of authority usually includes two-year colleges, thus better opportunity for seamless education	no authority to ensure board's master/ strategic planning is implemented
incorporation of institutional governance provides system of checks and balances	two levels of boards may be costly, redundant, create conflict
distance from institutions allows board credible level of objectivity for planning/ policy development	no natural constituencies or political power base

Public Corporation Model

The public corporation model, the subject of much recent attention in its pure and partial forms, has been implemented both here in Oregon by a public higher education institution (Oregon Health & Science University) and in a few other states by higher education systems (Maryland, New Hampshire, Georgia, Maine).

Maryland

In 1988, the organization of public higher education in Maryland underwent major changes. Its four governing boards were replaced by a Board of Regents to oversee the newly formed University System of Maryland (USM); a statewide coordinating agency (Maryland Higher Education Commission, MHEC) was established; and a statewide vision for higher education (Maryland Charter for Higher Education) was established, which included a high level of coordination, mission specificity, and performance accountability.

In 1998, a task force assessed the reorganization. It found that, although progress had been made, presidents felt considerable dissatisfaction about the regulatory functions of the centralized administration, the inadequate funding levels, and the redundant authority patterns of MHEC and the USM administration. The task force made a number of recommendations including MHEC performing more of a planning role, the institution presidents being more active in advising the Board of Regents, and transforming USM into a public corporation. The task force also argued for state commitment to increased long-term funding of higher education.

In 1999, the governor and Maryland's General Assembly passed SB 682, which encompassed the recommendations of the task force. Legislators embraced the idea of USM as a public corporation in its business operations. Institutions would be developed in a differentiated manner. Presidents would have greater management responsibilities while meeting specific performance objectives. The regulatory scope of MHEC would be reduced, and its energy redirected toward statewide planning. And the legislation requested increased base budgets of certain institutions.

Oregon Health & Science University

OHSU was a member of Oregon's public higher education system from 1974 to 1995. However, numerous factors in the late '80s and '90s (e.g., managed care, Measure 5, changes in Medicare/ Medicaid reimbursement practices) made it increasingly difficult for OHSU operations to remain viable. After several years of exploring various options, SB 2 was passed in 1995, transforming OHSU into a public corporation with a more streamlined governance structure. In 2001, SB 511 expanded OHSU's mission, changed its name, and expanded its board of directors from seven to ten members upon OHSU's merger with Oregon Graduate Institute.

Key provisions of OHSU's public corporation status follow.

- The university is an independent public corporation created to carry out public missions and services.
- Directors, or university officials acting under them, exercise all the power of OHSU and govern the university related to university organization and administration, physical plant

development, personnel arrangements, purchasing and procurement, property, gifts, investments, revenue sources, revenue bonds, insurance, campus security, contractual agreements, and all other fiscal and business matters.

- The university or the board sets and collects tuition and fees and establishes admission, academic progress, and student conduct policies.
- The university or the board creates, controls, set standards for, and adopts academic programs and awards degrees. (As a matter of long-standing practice and toward the goal of close academic collaboration and operation with Oregon University System institutions, OHSU has continued to present new programs for review by the OUS Academic Council and the State Board of Higher Education.)

As a public corporation, OHSU retains responsibility for carrying out its public missions, including training nurses, dentists, and physicians. The state retains a corresponding responsibility to help support the costs of providing these and other public services.

Recent State-level Governance Changes

In the last couple of years, two states – Florida and West Virginia – have made major changes in their higher education governance structures. Following are the highlights of those changes.

Florida

Effective July 2001, Florida's educational governance structure was dismantled and a new superboard (Board of Education) was installed to oversee public education, kindergarten through graduate school. In addition, each of the ten public universities has a gubernatorially appointed board of trustees responsible for appointing presidents, approving undergraduate and master's programs, and submitting budgets to the Board of Education, among other things. Some believe the reorganization was the legislature's retribution for the former Board of Regents voting their conscience rather than returning political favors. In the years prior to the restructuring, the Regents had halted legislators' attempts to establish new campuses and law schools in their own districts. Nor were the Regents willing to make high-level institutional appointments to some legislators.

Proponents of the governance change perceived the Board of Regents to be rigid and insensitive to the needs of the institution, nor was it developing as seamless an educational system as the state leaders desired. Proponents argued the new Board of Education would smooth the educational relationships among the sectors as well as provide the flexibility the institutions would need as enrollments grew.

The Board of Education will, among other things, prepare a coordinated budget, allocate resources, recommend missions of the postsecondary institutions, approve/terminate doctoral/professional academic programs, and develop a performance-based funding system and accountability standards for all public education in the state.

West Virginia

Prior to July 2000, West Virginia had two state higher education governing boards – one with authority over West Virginia University, Marshall University, and the branch campuses; and one with authority over the state colleges and three community colleges. That all changed with the passage of SB 653. The two state higher education governing boards were replaced with an interim board for one year. Then, as of July 1, 2001, each institutional advisory board became that institution's governing board, and a new nine-member Higher Education Policy Commission was appointed. A list of peer institutions was developed for each institution, and the legislature allocated some monies accordingly ($9.2 million in peer equity and sustained quality). Overall, higher education received an additional $17.2 million. Analysts believe that if the peer equity funding continues over four years, the institutions will meet their peer levels.

Responsibilities for the new Commission include: statewide planning and policy development and implementation, setting tuition/fee goals based on peer data, and developing guidelines for high-demand graduate-level programs. The other major governance responsibilities will be shouldered by the institutional boards.

Considerations Preceding Reorganization and Restructuring of State Higher Education Governance Structures: Advice From Experts

Experiences from Other States

Before changing state higher education governance structures, policy analysts Schick, Novak, Norton, and Elam (1992) suggest there is wisdom to be gained from the experiences of other states, as follows:

- No single structure or organization is best.
- Demonstrable improvements after reorganization may be delayed or barely tangible.
- The new structure must transcend the talents of particular leaders.
- The number and types of institutions need to be factored into decisions about the new structure.
- Structures should grant as much autonomy and fiscal flexibility as possible while clearly expecting accountability.

McGuinness (1997) cautions against uncritically copying other states' systems and structures, stating that there are no simple answers, no perfect models, and no end to conflicts (no matter what structure is in place). His oft-quoted guidelines are:

- Be explicit about the problems that were the catalysts for the reorganization proposal.
- Clear goals and objectives should precede reorganization.
- Weigh the costs of reorganization against the short- and long-term benefits.
- Remember to balance institutional autonomy with public priorities (i.e., state and societal needs).
- Distinguish between state coordination and institutional governance.
- Examine the total policy structure/process, including the roles of the governor, legislature.

Lessons for Policymakers

MacTaggart (1996) offers a set of guidelines for policymakers to bear in mind when considering restructuring.

- By itself, governance restructuring doesn't improve anything.
- Cheaper, less dramatic alternatives should be considered first.
- Restructuring will dominate the landscape, be highly stressful, and drive out other worthwhile initiatives for a period of time.
- Higher, not lower, costs are likely, at least in the short run.
- Lessons from corporate restructuring and private college mergers apply only partially in the public sector.
- There is no "one size fits all" model for a restructured system; each must be uniquely designed.
- Dramatic results from restructuring may be a long time coming.
- Governance restructuring can bring about positive change over the long run; however, it is a radical approach to change.

Lessons for Executives

MacTaggart (1996) also offers lessons for executives when the decision to restructure has been made.

- Crisis creates opportunities.
- Analysis, principles, and vision must come together; otherwise, the opportunity for real change may be lost.
- Leaders must take on different roles.
- Constituent participation is essential.
- A restructuring team is indispensable and the senior staff to leaders needs to be in place for a number of years as the implementation agenda is carried out.
- Leaders must develop organizational virtues: honesty about what works, trust, rigor and faith in actions that will lead to successful outcomes. Restructuring failures in specific organizations have included leadership instability, public expectations for immediate results, failure to plan carefully, and lack of resources with which to implement the change process all the way to a successful conclusion.

Historical Context

The governance of public higher education in the United States is not a new issue. With significant exceptions such as the Morrill Act of 1862 and targeted appropriations and legislation, public higher education has largely been the domain of individual states rather than the federal government since our country's inception. Before the 1900s, there were a small number of public higher education institutions in the U.S. Postsecondary educational opportunities were available to relatively few people, and private and religious institutions dominated the landscape. The emerging public colleges and universities managed their own affairs with minimal governmental interaction or interference.

From the late nineteenth century into the early part of the next, public higher education became more complex, as did the society it served. Research universities, normal schools (teacher education institutions), and two-year colleges were established. As state coffers were strained by competing demands, pressure for state control of public higher education grew.

According to one source, "[i]n 1905, Florida was the first state to establish a statewide governing board for four-year institutions."[1] By the mid-'30s, 11 states, including Oregon, had a statewide governing board. The overall goal was to provide coherent educational planning, coordinate the activities of the public higher education institutions, and rid the state of duplication. Most institutions (70%) were still governed by local boards.

Public higher education in the U.S. experienced a period of significant expansion after World War II. The GI Bill opened the door for veterans to enroll in postsecondary education in record numbers. The Cold War prompted the federal government to advance scientific research agendas in exchange for federal dollars.

This national picture likely influenced the governance pendulum shifting. By the mid-1970s, the proportion of individual institutional boards had declined. Seventy percent of public higher education institutions were governed either by state boards or by multicampus system boards.

In the mid- to late-'70s, most states were concerned about managing the tremendous growth that postsecondary institutions experienced during the 1950s and 1960s. During the period from 1980 to the present, states have sought what one set of authors refer to as "incremental rebalancing"[2] – seeking the right balance of policy making, statewide planning, regulation, leadership, and management of public higher education.

With the increase of junior and community colleges across the country, the problem of articulation escalated. As student enrollments (and graduation rates) increased, graduate employability became a key issue. More women and nontraditional students began to seek public higher education. The role

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[1]Richardson et al., 1999, p. 5. However, the *1997 State Postsecondary Education Structures Sourcebook*, p. 104, indicates that the Board of Regents of The University of the State of New York was established by the legislature in 1784 to supervise all education in the state.

[2]Richardson et al., 1999

of public colleges and universities expanded from being *en loco parentis* to including serving students from a variety of backgrounds and providing lifelong learning opportunities.

Meanwhile, public trust in government waned. The 1990s saw the rise of a widespread accountability movement. State legislatures, in turn, demanded proof that public colleges and universities could demonstrate operational efficiencies and effective outcomes. Hallmarks of the academy such as tenure and faculty-directed scholarship were questioned. There was a subtle but significant shift from a college education being viewed as a public good to a private benefit, as many states placed the burden of financing an education on the student rather than shouldering the bulk of the cost. The complex tasks of governing boards increased as pressures both internal and external to the academy mounted. In this new millennium, the impact of distance education and new education providers has raised anew issues of residency, tuition, transferability, and accreditation.

Many of these trends continue unabated. As the issues continue to evolve, it is inevitable that states examine and change, if needed, their governance structures in an attempt to better meet these myriad public higher education challenges.

Sources: MacTaggart & Associates, 1996; Millet, 1984; Mingle, 1995; Richardson et al., 1999; Schmidt, 2001; 1997 State Postsecondary Education Structures Sourcebook

Governance Structures

State-level Structures

The consensus among analysts is that there are three main types of state-level governance structures: consolidated governing boards, coordinating boards, and planning agencies, with some states having mixtures, especially of the first two models. Following is a brief description of the main models.

Consolidated Governing Boards

Currently, 23 states have consolidated governing boards. In some states, these boards govern both two-year and four-year institutions. In others, the two-year and the four-year institutions are considered separate educational sectors, as in Oregon. Responsibilities common to consolidated governing boards include allocating resources, advocating for the constituent campuses, appointing system and institutional CEOs, establishing personnel policies, governing the system as a corporate entity, setting tuition, academic program review and approval, accountability activities, and policy analysis.

Coordinating Boards: Regulatory and Advisory

Twenty-five states have coordinating boards. Generally, these states rely more on institutional boards for governance activities and ask their statewide boards to perform a coordinating role. These boards focus on statewide policy and system issues rather than institutional issues, planning and advocating for the state's educational needs, perhaps including budgetary recommendations. They may appoint CEOs, but only at the system level, not at the institutions. Typically they are not involved in setting personnel policies, and their involvement in academic program review and approval varies from state to state.

There are two types of coordinating boards: *regulatory* and *advisory*. *Regulatory* boards generally have authority to approve academic programs whereas *advisory* boards usually have authority to make recommendations only. Some advisory boards may also have other related administrative responsibilities in such areas as student financial aid.

Planning Agencies

Two states have planning agencies. As the name implies, these bodies chiefly conduct master planning for the state's educational system. Another role is communicating with and advising the legislature and/or governor on higher education issues.

"Sub-State" Governance Structures

Although there are three types of state-level governance structures, the 50 states have tailored them to fit their own needs. Some states aggregate all educational sectors – kindergarten through graduate school – under one consolidated governing board (Florida). Some states employ the regulatory coordinating board at the state level but then rely on very strong multicampus governing boards (California). There are states with two dominant consolidated governing boards (Minnesota). Other

states with a state-level coordinating board may have more powerful institutional governing boards (Ohio).

There are two main categories of "sub-state" structures: *institutional boards* and *multicampus boards*. However, these simple categories belie the complexity of organizational creativity and continuum of responsibilities that states employ in these sub-level governance structures. Some institutional boards are at the far end of the continuum, serving as goodwill ambassadors or advocates for the institutions. At the other end are institutional boards with significant governance responsibilities. Clemson University in South Carolina is an example of the former. Clemson's board of visitors hosts receptions and assists "the president with special projects or assignments." On the other end of the spectrum are the institutional boards in New Jersey. They have authority for such things as approving new academic programs, developing admission standards for the institutions, developing budgets, purchasing and selling property, managing trusts and investments, appointing and removing presidents, and more.

Other institutional boards are less involved in governance and more advisory in nature. These board members may be utilized in fundraising, providing the campus heads with insight about local businesses and the community, and in some cases serving as influential spokespersons for the institution.

Multicampus boards also vary widely. Some have vast responsibilities, both in terms of numbers of institutions governed and depth/breadth of authority. The State University of New York (SUNY), for instance, governs 64 postsecondary institutions in the state (32 two-year and 32 four-year). The SUNY board of trustees has the authority to appoint the chancellor and institution presidents, establish new campuses, and set admission standards, among other responsibilities.

An example of a small multicampus board is the board of visitors of the University of Virginia, which has authority over two institutions. According to its Web site, the board is "responsible for the long-term planning of the University. . . . approves the policies and budgets of the University, and is entrusted with the preservation of the University's many traditions . . . ."

Finally, there is also a range of names assigned to these boards. Those with more robust responsibilities are often (but not always) referred to as *board of governors, board of trustees,* or *board of directors*. However, there are also *boards of visitors* and even *boards of curators* and *boards of supervisors* that have similar responsibilities.

Sources: McGuinness, 1997; Waller et al., 2000; institutional, board, state, and System Web sites

Current Governance Structures in the U.S.

The following table (Table 1) is a simplistic depiction of the governance structures currently employed in the 50 states. The first (x), reading from left to right, pertains to the main state-level governance structures/models. Any subsequent (x) for that state pertains to sub-state governance structures; those will have explanatory notes on the following pages. As the reader follows each state's structure and accompanying notes, the unique arrangement of each state's governance structure emerges.

Table 1

State Higher Education Governance Structures

States	Main Structures/Models				Additional Governance Structures	
	Consolidated Governing Boards	Coordinating Boards		Planning Agencies		
		Regulatory	Advisory		Multicampus Boards	Individual Institutional Boards
Alabama		x			x	x
Alaska	x					
Arizona	x					
Arkansas		x			x	x
California			x		x	
Colorado		x			x	x
Connecticut		x			x	
Delaware				x		x
Florida	x					x
Georgia	x					
Hawaii	x					
Idaho	x					
Illinois		x			x	x
Indiana		x			x	x
Iowa		x				
Kansas	x					x
Kentucky		x				x
Louisiana		x			x	
Maine	x					x
Maryland		x			x	x
Massachusetts		x			x	x
Michigan				x	x	x
Minnesota	x				x	
Mississippi	x					
Missouri		x			x	x

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Table 1 (cont.)

State Higher Education Governance Structures						
	Main Structures/Models					
	Consolidated Governing Boards	Coordinating Boards		Planning Agencies	Additional Governance Structures	
States		Regulatory	Advisory		Multicampus Boards	Individual Institutional Boards
Montana	x					
Nebraska		x			x	
Nevada	x					
New Hampshire	x					
New Jersey		x				x
New Mexico			x		x	
New York		x			x	
North Carolina	x					x
North Dakota	x					
Ohio		x				x
Oklahoma		x			x	x
Oregon	x					x
Pennsylvania			x		x	x
Rhode Island	x					
South Carolina		x			x	x
South Dakota	x					
Tennessee		x			x	
Texas		x			x	x
Utah	x					x
Vermont	x				x	
Virginia		x			x	x
Washington		x				x
West Virginia	x					x
Wisconsin	x					
Wyoming	x					

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Explanatory Notes – Table 1

Following are specific state comments providing more details for the section "Additional Governance Structures" in the previous table.

Alabama
University of Alabama System's three institutions are governed by a 17-member board. Troy State University has its own board.

Arkansas
University of Arkansas System's ten-member board of trustees governs four four-year institutions, a medical sciences institution, and five community colleges. The state also has three other multicampus boards for senior institutions. In addition, some individual campuses have their own boards.

California
California State University has a 25-member board of trustees. The University of California is governed by a 26-member board.

Colorado
The University of Colorado System (multicampus) has a board of regents. The Board of Agriculture is the governing board for three senior institutions. Two other senior institutions each have their own boards of trustees.

Connecticut
The state has two multicampus boards.

Delaware
The state has two individual institutional boards.

Florida
In addition to Florida's Board of Education, which is a "superboard" governing kindergartens through universities, each university has its own Governor-appointed board of trustees.

Illinois
Two boards govern multiple campuses and seven boards govern single campuses.

Indiana
Two boards govern multiple campuses; three boards govern single campuses.

Kansas
Only one institution, Washburn University, which is classified as a municipal university, has its own governing board.

Kentucky
Eight institutions each have their own governing boards.

Louisiana
The state has three multicampus boards. All govern both two-year and four-year institutions. Two boards are referred to as *boards of supervisors* and one as *board of trustees*.

Maine
Each institution has its own board of visitors.

Maryland
The University System of Maryland governs the state's 11 colleges and universities. In addition, each of these institutions has its own board of visitors. Morgan State University and St. Mary's College of Maryland, which are not part of the System, each have their own governing boards.

Massachusetts
The University of Massachusetts board of trustees governs the five-campus system. Each state college has its own institutional board of trustees.

Michigan
The state has one multicampus board. The other 12 senior institutions each have their own boards of governors or boards of trustees.

Minnesota
The state has two consolidated multicampus governing boards: the board of regents for the University of Minnesota and the board of trustees for the Minnesota State System.

Missouri
Missouri has one multicampus board (referred to as *board of curators*). The other nine senior institutions each have their own boards of governors, boards of regents, or boards of curators.

Nebraska
The state has two multicampus governing boards.

New Jersey
New Jersey institutions have individual governing boards. In addition, they have a third statutory body, the Presidents' Council (not depicted in Table 1), that participates in the governance process.

New Mexico
New Mexico has three multicampus governing bodies for the University of New Mexico, New Mexico State University, and Eastern New Mexico University.

New York
The state has two multicampus boards of trustees constructed regionally – one for New York City (CUNY) and the other for the remainder of the state (SUNY).

North Carolina
North Carolina has local institutional boards.

Ohio
Ohio has six senior institutions with individual governing boards and seven multicampus boards that govern a senior institution and up to seven branches.

Oklahoma
The state has three multicampus boards, one of which also governs two junior colleges. All other senior institutions have their own separate governing boards.

Oregon
Oregon universities may have institutional advisory boards.

Pennsylvania
Each university in the state system has its own council of trustees. The state also has two multicampus governing bodies. Temple University, the University of Pittsburgh, and Lincoln University each have their own boards of trustees.

South Carolina
The University of South Carolina has a board of trustees to govern the eight two-year and four-year campuses. Clemson University has a 13-member board of trustees for governance of the institution and also a board of visitors appointed by the board of trustees. All the other senior institutions have their own boards.

Tennessee
The state has two multicampus governing bodies; one of them also oversees 12 community colleges and two technical institutions, as well as six senior institutions.

Texas
Texas has five multicampus boards for its senior institutions, and an additional four institutions each have their own governing boards.

Utah
Each institution has its own board of trustees.

Vermont
The Vermont State College board of trustees has authority over three senior institutions, one two-year technical college, and a statewide noncampus community college.

Virginia
All four-year institutions have their own governing boards; one also has authority for a two-year institution. The board of visitors of the University of Virginia has authority over two four-year institutions.

Washington
Each institution has its own board.

West Virginia
West Virginia's governance structure changed as part of SB 653, effective 7/1/01. The state now has the West Virginia Higher Education Policy Commission which, according to its Web site, is charged with "oversight of higher education institutions to ensure they are accomplishing their missions and implementing the provisions set by state statute." The universities have had their institutional boards of advisors replaced by institutional boards of governors.

Role of Governing Boards

The first part of this report provided the context for discussing higher education governance – the historical underpinnings and descriptions of the various governance structures. But what do governing boards actually do? What is their central role?

In 2000, a group of renowned scholars from western Europe and the U.S. met to discuss higher education governance. One conclusion they reached was that "[t]he function of a governing board is always twofold: It serves (1) to ensure the public responsibility and accountability of the university and (2) to defend the autonomy and integrity of the institution against erosion or attack, both from without and within."[3]

How are these functions expressed in terms of specific actions? In his descriptions of the "core functions" of multicampus systems, Johnstone[4] lists a number of leadership activities of boards (not prioritized):

- external advocacy to the legislature, governor, and other key figures;
- internal advocacy of the state's needs to the institutions;
- liaison/mediation activities between and among executive officers, state agencies, and member institutions;
- mission determination;
- strategic planning and prioritization,
- CEO appointment, evaluation, support, removal;
- resource recommendation and/or allocation;
- auditing and/or assessment; and
- coordination of centralized services.

A recent study by the North Carolina Center for Public Policy Research examined the responsibilities of boards in much greater detail, querying each state-level board about specific authority in academic, fiscal, personnel, state higher education policy, board operations, and other major areas. Table 2 displays major responsibilities typical for each type of state-level board; consolidated governing boards have the broadest range of responsibilities, coordinating boards and planning agencies a more narrow range.

Sources: Johnstone, 1993; Rhodes, 2000; Waller et al., 2000

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[3]Rhodes, 2000, p. 6

[4]Johnstone, 1993

Table 2

State Higher Education Governance Structures and Their Major Responsibilities

Responsibilities	Structures/Models			
	Consolidated Governing Boards	Coordinating Boards		Planning Agencies
		Regulatory	Advisory	
Academic Responsibilities				
1. approve institutions' missions	✔	✔		
2. approve new programs/terminate existing ones	✔	✔		
3. establish credit transfer policies	✔			
4. confer degrees	✔			
5. establish policies/regulations for institutions	✔			
6. approve or develop admission standards	✔			
Fiscal Responsibilities				
1. develop a unified budget	✔	✔		
2. authorize expenditures on existing facilities	✔			
3. purchase, control, sell, manage property	✔			
4. accept gifts, grants, trusts, etc.	✔			
5. set tuition and fees	✔			
Personnel Responsibilities				
1. appoint/remove Chancellor and presidents	✔			
2. establish personnel policies for institutions	✔			
State Higher Education Policy Responsibilities				
1. advise governor/legislature on higher education issues	✔	✔	✔	✔
2. conduct master/strategic planning	✔	✔	✔	✔
Central Higher Education Board Operations Responsibilities				
1. keep minutes of meetings/public reports of activity	✔	✔	✔	✔
2. establish rules for board's own governance	✔	✔	✔	✔
Other Major Responsibilities				
1. gather/disseminate higher education information for the state and citizens	✔	✔		
2. conduct workforce supply and demand studies	✔			

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Even in the area of board responsibilities, there is widespread diversity among the states. Tables 3a-3f depict the variation among the states regarding which responsibilities are assigned to their state-level boards.

Academic Responsibilities

For a consolidated governing or coordinating board, the most essential element of academic authority is program approval and termination. The impact of this single responsibility is far-reaching, affecting the state, system, and institutional budgets; programmatic offerings for state citizens; institutional prominence and integrity; and workforce issues.

Other responsibilities in the academic arena vary according to the board type. In general, consolidated governing boards are responsible for a broad range of activities such as setting admission standards, conferring degrees, establishing regulations and policies for constituent institutions (including transfer policies), and approving institution missions. Only about half of the regulatory coordinating boards approve missions or set admission standards. The academic responsibilities of the advisory coordinating boards are even more limited.

Table 3a shows the breakdown of academic responsibilities by the state-level governance structures.

Sources: McGuinness, 1997; Millet, 1984; Waller et al., 2000

Table 3a

State Higher Education Governance Structures and Their Academic Responsibilities

Academic Responsibilities	Structures/Models			
	Consolidated Governing Boards (26)*	Coordinating Boards		Planning Agencies (2)*
		Regulatory (21)*	Advisory (3)*	
1. approve institutions' missions	14	14		
2. approve new programs/terminate existing ones	23	18[a]	1[a]	
3. conduct regular program/curricular reviews	14	9[b, c]	1[a]	
4. approve courses	8	1		
5. maintain program/course inventory	11	8	1	
6. approve off-campus programs offered by institutions	10	10[d, e]		
7. establish credit transfer policies	16	9[a]	1[a]	
8. establish student academic progress policies	8	4		
9. evaluate institutional effectiveness	11	12[a]	1[a]	
10. establish research/patent policies	10	1[a]		
11. confer degrees	22	4		
12. establish policies/regulations for institutions	21	2		
13. set enrollment levels	10	10[d, f]	1[a]	
14. approve or develop admission standards	20	10	1[a]	1[a]
15. develop reciprocal/exchange programs	12	6		
16. review programs offered in-state by nonstate institutions	2	9[d]	1	
17. certify or license new postsecondary institutions	9	12[c]		

[a] seven advise/make recommendations only
[b] one may approve/disapprove only
[c] two advise/make recommendations only
[d] two may approve/disapprove only
[e] one advises/makes recommendations only
[f] four advise/make recommendations only

* The sum of these numbers is greater than 50 because some states have two state-level boards (e.g., Minnesota).

Fiscal Responsibilities

The authority to review and recommend a budget to the state is one of the most significant powers of a higher education board. Most of the state-level consolidated governing boards and about half of the regulatory coordinating boards are vested with this responsibility. Often the institutional budgets will be reviewed, consolidated, and prioritized centrally.

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Other key fiscal responsibilities are decision making about the facilities, controlling property (sale, purchase, lease, management), conducting audits, managing investments, and issuing bonds.

Table 3b shows the breakdown of fiscal responsibilities by the state-level governance structures.

Sources: MacTaggart & Associates, 1996; Millet, 1984; Richardson et al., 1999; Waller et al., 2000

Table 3b

State Higher Education Governance Structures and Their Fiscal Responsibilities

Fiscal Responsibilities	Structures/Models			
	Consolidated Governing Boards (26)*	Coordinating Boards		Planning Agencies (2)*
		Regulatory (21)*	Advisory (3)*	
1. develop a unified budget	18	12		
2. make and receive appropriation requests	13[a]	5	1	
3. budget allocation to campuses	9	4		
4. authorize new facilities, expenditures on existing ones	18[a,b]	16[c,d]	2[b]	
5. financial reporting	17	10	1	1
6. conduct internal audits	12[a]	6		
7. purchase, control, sell, manage property	21[b]	8[a,e]		1
8. accept gifts, grants, trusts, etc.	18	9		
9. manage/invest trusts and investments	12	5		1
10. set tuition and fees	23	15[a,f]		
11. issue/authorize bonds	16	7[a,g]		
12. state agency responsible for receipt of federal funds	12	15	1	2
13. establish financial aid/scholarship programs/ policies	15	12[a]	1[a]	2

[a] one may approve/disapprove only
[b] two advise/make recommendations only
[c] five advise/make recommendations only
[d] ten may approve/disapprove only
[e] one advises/makes recommendations only
[f] four advise/make recommendations only
[g] three advise/make recommendations only

* The sum of these numbers is greater than 50 because some states have two state-level boards (e.g., Minnesota).

Personnel Responsibilities

The most important dimension of a governing board's personnel responsibilities is the authority to appoint, evaluate, and remove System and/or institutional heads. Some consider this the most significant board responsibility overall. This function is more likely to be performed by consolidated governing boards than by the coordinating boards. Often, these responsibilities are within the domain of individual institutional governing boards.

Other significant responsibilities in the personnel area are the establishment of personnel policies, including appointments, benefits plans, granting tenure, and fixing salaries.

Table 3c shows the breakdown of personnel responsibilities by the state-level governance structures.

Sources: Fretwell, 2000; Rhodes, 2000; Waller et al., 2000

Table 3c

State Higher Education Governance Structures and Their Personnel Responsibilities

Personnel Responsibilities	Structures/Models			
	Consolidated Governing Boards (26)*	Coordinating Boards		Planning Agencies (2)*
		Regulatory (21)*	Advisory (3)*	
1. appoint/remove Chancellor and presidents	24	2		
2. fix salaries of Chancellor and presidents	23	1		
3. appoint/remove other system/campus vice presidential-level officers/fix salaries	12	1		
4. appoint/remove/fix salaries of other campus officers and faculty	14[a]			
5. establish personnel policies for institutions	15	5[c]		
6. grant/deny tenure	9			
7. approve requests for leaves/sabbaticals	9			
8. establish various employee benefits plans	14[b]	1		
9. adopt incentive/reward programs for employee excellence	10	5	1[d]	

[a] one may approve/disapprove only
[b] two may approve/disapprove only
[c] two advise/make recommendations only
[d] one advises/makes recommendations only

* The sum of these numbers is greater than 50 because some states have two state-level boards (e.g., Minnesota).

State Higher Education Policy Responsibilities

The leadership of board members is paramount in this category. Offering sound advice to the governor and legislature and being able to prioritize appropriately the multiple and competing higher education needs are critical in this arena. Although not included in Table 3d, which drew heavily from the North Carolina study, board advocacy – both internal and external – is another central theme in the literature regarding a board's state responsibilities.

The responsibility that is common to most state-level boards in this category is conducting strategic or master planning.

Table 3d shows the breakdown of state higher education policy responsibilities by state-level governance structures.

Sources: McGuinness, 1997; Waller et al., 2000

Table 3d

State Higher Education Governance Structures and Their State Higher Education Policy Responsibilities

State Higher Education Policy Responsibilities	Structures/Models			
	Consolidated Governing Boards	Coordinating Boards		Planning Agencies
		Regulatory	Advisory	
1. advise governor/legislature on higher education issues	11	13	1	1
2. propose new/revised higher education legislation	8[a]	9[b]		1
3. identify/rank statewide higher education priorities	7	11[c]	1[d]	1[d]
4. conduct master/strategic planning	20	20[d]	2	1

[a] two advise/make recommendations only
[b] four advise/make recommendations only
[c] three advise/make recommendations only
[d] one advises/makes recommendations only

Central Higher Education Board Operations

This area of responsibilities relates to the conduct of the board's business. Most state-level boards are subject to open-meeting or "sunshine" laws, which is the case in Oregon. Part of the requirement is to publish and distribute agendas of the board meetings, and keep minutes that are available to the public. Board reports are also to be made available to the public.

Other aspects of responsibility include creating bylaws, establishing committees to perform the work of the board, and establishing mechanisms for orienting new board members.

Table 3e shows the breakdown of responsibilities for board operations by the state-level governance structures.

Sources: Waller et al., 2000

Table 3e

State Higher Education Governance Structures and Their Central Higher Education Board Operations Responsibilities

Central Higher Education Board Operations Responsibilities	Structures/Models			
	Consolidated Governing Boards (26)*	Coordinating Boards		Planning Agencies (2)*
		Regulatory (21)*	Advisory (3)*	
1. keep minutes of meetings/publish reports of activity	17	11	1	1
2. open meetings to public	15	8	1	1
3. establish rules for board's own governance	21	17	1	1
4. delegate duties to local campus boards of trustees	4			
5. orient new members	6	4		
6. create committees/advisory groups	11	19	2	2
7. participate in/establish formal consortia	9	8		1[a]

* one advises/makes recommendations only

* The sum of these numbers is greater than 50 because some states have two state-level boards (e.g., Minnesota).

Other Responsibilities

This category was formed to acknowledge that boards do a lot of work that is not readily captured in the other five areas but is nonetheless important. Such work includes disseminating information to the citizens of the state, setting policy relating to diversity and access goals, and establishing Systemwide telecommunications networks.

Table 3f shows the breakdown of these responsibilities by the state-level governance structures.

Sources: Waller et al., 2000

Table 3f

State Higher Education Governance Structures and Their Other Responsibilities

Other Responsibilities (not included in other charts)	Structures/Models			
	Consolidated Governing Boards (26)*	Coordinating Boards		Planning Agencies (2)*
		Regulatory (21)*	Advisory (3)*	
1. gather/disseminate higher education information for the state and its citizens	13	16[b]	1	1
2. establish a systemwide information/ telecommunications network or television system (for instruction)	8	9[a]		1
3. mediate disputes among constituent campuses	4	7		
4. establish affirmative action or minority representation policies	8	11	1	
5. establish policies/programs for persons with disabilities	8			
6. address various geographic (access) mandates	6	8	1	
7. set policies/programs in international education	3	1		
8. conduct workforce supply and demand studies	11	10	1	1
9. establish remedial education policies/programs	6	5[a]		
10. establish policies on sexual harassment or abuse	9	1		
11. establish vocational education programs	5[a]	7	1	

[a] one may approve/disapprove only
[b] one advises/makes recommendations only

* The sum of these numbers is greater than 50 because some states have two state-level boards (e.g., Minnesota).

Representative State Governance Responsibilities

For this report, seven states have been selected to illuminate in greater detail the various ways in which governance responsibilities are delegated. These are not nuanced descriptions. Because we relied on state statutes, board Web sites, and written publications rather than personal interviews, it's likely that there are additional board responsibilities not reflected in the following tables. Without in-depth case study, it is not possible to describe just exactly how the responsibilities are carried out and what amount of attention they are given. However, these state examples should give the reader a flavor of the variations in public governance structures across the country. But first, a brief description of the states.

Idaho

Idaho's eight-member consolidated governing board is what many refer to as a "superboard," governing kindergarten through graduate school. Part of what enables this structure to operate is the small size of the state's population. Their fall 2001 postsecondary headcount enrollment, which includes high school vocational as well as two-year and four-year institutions, was 56,854.

Georgia

Georgia's University System is governed by a 16-member consolidated governing board, appointed by the governor, whose members serve seven-year terms. The board has authority over four-year universities and colleges and community colleges. The University System is composed of 34 institutions: 4 research universities, 2 regional universities, 13 state universities, 2 state colleges, and 13 two-year colleges.

Maine

The Board of Trustees of the University of Maine System is a consolidated governing board. Fifteen of the 16 members are appointed by the governor for five-year terms. The board has authority over the four-year universities and colleges. In addition, each institution has its own board of visitors, which has limited authority.

Nevada

The 11 members of the Board of Regents of the University and Community College System of Nevada are elected by the public to serve six-year terms. Like other consolidated governing boards, they have significant authority over the campuses they serve.

New Jersey

New Jersey has three distinct statutory bodies assigned to oversee postsecondary education in the state. The New Jersey Commission on Higher Education is a regulatory coordinating board with 14 members, 11 of whom are appointed by the governor. This board has authority over the four-year public universities and colleges, community colleges, private institutions, as well as three degree-granting proprietary schools. A second layer of authority consists of the individual public university boards. A third layer is the Presidents' Council, which has responsibilities such as reviewing and commenting on new academic programs and recommending new postsecondary institutions.

Washington

A regulatory coordinating board closer to home, Washington's nine members are appointed by the governor for four-year terms. The board oversees the state's four-year institutions and community colleges. In addition, the community and technical colleges also have a nine-member state board. The four-year institutions each have their own boards with specific institutional authority.

Wisconsin

The 17-member Board of Regents of the University of Wisconsin System is a consolidated governing board with authority over 26 institutions (13 four-year and 13 two-year). The Regents serve seven-year terms and are appointed by the governor. There are no institutional boards.

The following tables detail governing board responsibilities for each of these states.

Sources: 1997 State Postsecondary Education Structure Sourcebook; Rodenhouse, 2001; Waller et al., 2000; Web sites of state statutes, constitutions, charters, boards, and commissions

Table 4

State: Idaho	
Title: **State Board of Education and Board of Regents, University of Idaho**	
Governance Structure: Consolidated Governing Board	
Composition: 8 members (including 1 ex-officio); 7 appointed by Governor for 5-year terms	
Regulatory Scope: 4-year public universities/colleges, community colleges, K-12	
Comments:	
Responsibilities	***Governing Board***
Academic	
approve new programs/terminate existing ones	✔
approve courses	✔
maintain program/course inventory	✔
approve off-campus programs offered by institutions	✔
establish credit transfer policies	✔
confer degrees	✔
establish policies/regulations for institutions	✔
approve or develop admission standards	✔
Fiscal	
develop a unified budget	✔
authorize new facilities, expenditures on existing ones	✔
financial reporting	✔
purchase, control, sell, manage property	✔
responsible for receipt of federal funds	✓
Personnel	
appoint/remove Chancellor and presidents	✔
fix salaries of Chancellor and presidents	✔
appoint/remove other system/campus vice presidential-level officers/fix salaries	✔
appoint/remove other campus officers & faculty/fix salaries	✔
establish various employee benefits plans	✔
Board(s) Operations	
establish rules for board's own governance	✔
State Higher Education Policy	
propose new/revised higher education legislation	✔ recommend
conduct master/strategic planning	✔

✓ source = Idaho Statutes
✔ source = *Waller (2000)*

Table 5

State: **Georgia**	
Title: **Board of Regents of the University System of Georgia**	
Governance Structure: Consolidated Governing Board	
Composition: 16 members appointed by Governor for 7-year terms	
Regulatory Scope: 4-year public universities/colleges, community colleges	
Comments: Oversees 34 institutions: 4 research, 2 regional, & 13 state universities; 2 state colleges; & 13 two-year colleges.	
Responsibilities	***Governing Board***
Academic	
approve institutions' missions	✔
approve new programs/terminate existing ones	✔
maintain program/course inventory	✔
approve off-campus programs offered by institutions	✔
establish credit transfer policies	✔
establish research policies	✔
confer degrees	✔ authorize institutions
establish policies/regulations for institutions	✔
set enrollment levels	✔
approve or develop admission standards	✔
certify or license new postsecondary institutions	✔
consolidate, suspend, or discontinue institutions	✔
Fiscal	
make and receive appropriation requests	✔
budget allocation to campuses	✔
authorize new facilities, expenditures on existing ones	✔
financial reporting	✔
conduct internal audits	✔
purchase, control, sell, manage property	✔
accept gifts, grants, trusts, etc.	✔
manage/invest trusts & investments	✔
set tuition & fees	✔
establish financial aid/scholarship programs/policies	✔

Table 5 (cont.)

Personnel	
appoint/remove Chancellor and presidents	✔
fix salaries of Chancellor and presidents	✔
appoint/remove/fix salaries of other campus officers & faculty	✔
establish personnel policies for institutions	✔
grant/deny tenure	✔
approve requests for leaves/sabbaticals	✔
establish various employee benefits plans	✔
Board(s) Operations	
keep minutes of meetings/publish reports of activity	✔
open meetings to public	✔
establish rules for board's own governance	✔
create committees/advisory groups	✔
Other Responsibilities	
gather/disseminate higher education information for the state & its citizens	✔
establish affirmative action or minority representation policies	✔
conduct workforce supply & demand studies	✔
establish remedial education policies/programs	✔
establish policies on sexual harassment or abuse	✔
State Higher Education Policy	
advise governor/legislature on higher education issues	✔
conduct master/strategic planning	✔
Value-added	
one annual visit to each institution	✓

✓ source = Georgia Statutes; Board of Regents Policy Manual
✔ source = *Waller (2000)*

note: responsibilities listed in italics denote language used in the Georgia Statutes

Table 6

State: Maine		
Title: **University of Maine System Board of Trustees**		
Governance Structure: Consolidated Governing Board		
Composition: 16 members (includes 1 ex-officio); 15 appointed by Governor for 5-year terms		
Regulatory Scope: 4-year universities/colleges		
Comments: Each institution has a Board of Visitors.		
Responsibilities	***Board***	
	Governing Board	Institution Boards
Academic		
approve institutions' missions	✔	
approve new programs/terminate existing ones	✔	✔ review
conduct regular program/curricular reviews	✔	
maintain program/course inventory	✔	
establish credit transfer policies	✔	
evaluate institutional effectiveness	✔	
establish research/patent policies	✔	
confer degrees	✔	
establish policies/regulations for institutions	✔	
approve or develop admission standards	✔	
Fiscal		
develop a unified budget	✔	
make and receive appropriation requests	✔	
budget allocation to campuses	✔	
authorize new facilities, expenditures on existing ones	✔	
financial reporting	✔	
conduct internal audits	✔	
purchase, control, sell, manage property	✔	
accept gifts, grants, trusts, etc.	✔	
manage/invest trusts & investments	✔	
set tuition & fees	✔	✔ review
issue/authorize bonds	✔	
responsible for receipt of federal funds	✔	
establish financial aid/scholarship programs/policies	✔	
fundraising		✔

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Table 6 (cont.)

Personnel		
appoint/remove Chancellor and presidents	✔	
fix salaries of Chancellor and presidents	✔	
appoint other system/campus vice presidential-level officers	✔	
establish personnel policies for institutions	✔	
grant/deny tenure	✔	
establish various employee benefits plans	✔	
Board(s) Operations		
keep minutes of meetings/publish reports of activity	✔	
open meetings to public	✔	
establish rules for board's own governance	✔	
delegate duties to local campus boards of trustees	✔	
create committees/advisory groups	✔	
participate in/establish formal consortia	✔	
Other Responsibilities		
gather/disseminate higher education information for the state & its citizens	✔	
establish a statewide information system	✔	
establish affirmative action or minority representation policies	✔	
establish policies/programs for persons with disabilities	✔	
conduct workforce supply & demand studies	✔	
establish policies on sexual harassment or abuse	✔	
State Higher Education Policy		
advise governor/legislature on higher education issues	✔	
conduct master/strategic planning	✔	✓ review
advise university president		✓
Value-added		
develop and maintain system of accountability to the public for system's performance results	✓	
advocate higher education as means to strengthen the economy	✓	
advocate for university		✓

✓ source = Section 102, Charter of University of Maine System
✔ source = *Waller (2000)*

note: responsibilities listed in italics denote language used in the Charter

Table 7

State: Nevada	
Title: **The Board of Regents of the University & Community College System of Nevada**	
Governance Structure: Consolidated Governing Board	
Composition: 11 members elected by the public for 6-year terms	
Regulatory Scope: 4-year universities/colleges, community colleges	
Comments:	
Responsibilities	***Governing Board***
Academic	
approve institutions' missions	✔
approve new programs	✔
conduct regular program/curricular reviews	✔ approve
approve courses	✔
approve off-campus programs offered by institutions	✔
establish credit transfer policies	✔
confer degrees	✔
establish policies/regulations for institutions	✔
approve or develop admission standards	✔
develop reciprocal/exchange programs	✔
Fiscal	
develop a unified budget	✔
appropriation requests	✔ approve
authorize new facilities	✔
conduct internal audits	✔ approve
purchase, control, sell, manage property	✔
accept gifts, grants, trusts, etc.	✔
manage/invest trusts & investments	✔
set tuition & fees	✔
responsible for receipt of federal funds	✔
Personnel	
appoint/remove Chancellor and presidents	✔
fix salaries of Chancellor and presidents	✔
fix salaries of other campus officers and faculty	✔
establish personnel policies for institutions	✔
approve requests for leaves/sabbaticals	✔
establish various employee benefits plans	✔

Table 7 (cont.)

Board(s) Operations	
keep minutes of meetings/publish reports of activity	✔
open meetings to public	✔
establish rules for board's own governance	✔
create committees/advisory groups	✔
participate in/establish formal consortia	✔
Other Responsibilities	
conduct workforce supply & demand studies	✔
establish remedial education policies/programs	✔
State Higher Education Policy	
identify/rank statewide higher education priorities	✔
conduct master/strategic planning	✔

✔ source = *Waller (2000)*

Table 8

State: New Jersey			
Title: **New Jersey Commission on Higher Education**			
Governance Structure: Coordinating Board – Regulatory			
Composition: 14 members (includes 2 ex-officio); 11 appointed by Governor			
Regulatory Scope: 4-year public universities/colleges, community colleges, private institutions, & 3 degree-granting proprietary schools			
Comments: Each public university has its own governing board. The Presidents' Council is another statutory advisory body.			
Responsibilities	***Board***		***Presidents' Council***
	Coordinating Board	Institution Boards	
Academic			
approve new programs/terminate existing ones	✔ approve only	✔	✔ review & comment
maintain program/course inventory	✔		
advance public education at all levels, including articulation through higher education	✔		
evaluate institutional effectiveness	✔		
establish policies/regulations for institutions	✔	✔	
approve or develop admission standards		✔	
review programs offered in-state by nonstate institutions	✔ approve/ reject		
certify or license new postsecondary institutions	✔		✔ recommend
Fiscal			
develop budget		✔	
transmit to Governor, legislature, & Commission a general budget policy statement regarding overall state funding levels			✔
propose coordinated budget policy statement to Governor, legislature	✔		
make and receive appropriation requests	✔		
authorize new facilities	✔		
financial reporting	✔	✔	
purchase, control, sell, manage property		✔	
accept gifts, grants, trusts, etc.	✔		
manage/invest trusts & investments		✔	
set tuition & fees		✔	
responsible for receipt of federal funds	✔		
establish financial aid/scholarship programs/policies			✔ recommend
establishment, merger, or closure of institutions			✔ recommend

Table 8 (cont.)

Personnel			
appoint/remove presidents		✓	
fix salaries of presidents		✓	
appoint other system/campus vice presidential-level officers		✓	
establish personnel policies for institutions	✔ community colleges only	✓	
grant/deny tenure		✓	
establish various employee benefits plans		✓	
Board(s) Operations			
keep minutes of meetings/publish reports of activity	✔		
open meetings to public	✔		
establish rules for board's own governance	✔		
create committees/advisory groups	✔		✓
Other Responsibilities			
gather/disseminate higher education information for the state & its citizens	✔		
establish policies on sexual harassment or abuse	✔		
State Higher Education Policy			
advise governor/legislature on higher education issues	✔		✓
conduct master/strategic planning	✔		✓ advise Commission
Value-added			
encourage formation of regional or other alliances among institutions			✓
advocacy on behalf of higher education	✓		
provide public information & research on higher education			✓
adopt a code of ethics applicable to institutions	✓		
act as lead agency communicating with federal government regarding higher education issues	✓		

✓ source = New Jersey Permanent Statutes; New Jersey Presidents' Council Mission
✔ source = *Waller (2000)*

note: responsibilities listed in italics denote language used in Statutes & mission

Table 9

State: Washington		
Title: **Washington State Higher Education Coordinating Board**		
Governance Structure: Coordinating Board - Regulatory		
Composition: 9 members appointed by Governor to serve 4-year terms		
Regulatory Scope: 4-year universities/colleges & community colleges		
Comments: Community & technical colleges also have a 9-member state board.		
Responsibilities	***Board***	
	Coordinating Board	Institution Boards
Academic		
approve institutions' missions	✓	
approve new programs/terminate existing ones	✓	
approve off-campus programs offered by institutions	✓	
establish credit transfer policies	✓	
evaluate institutional effectiveness	✓	
confer degrees		✓
establish policies/regulations for institutions		✓
set enrollment levels	recommend	
approve or develop admission standards	✓	
develop reciprocal/exchange programs	✓	
establish schools, departments, divisions		✓
prescribe course of study, with assistance of faculty		✓
develop criteria for identifying need for new baccalaureate institutions	✓	
approve higher education centers & consortia	✓	
Fiscal		
review, evaluate, & make recommendations on operating & capital budget requests	✓	
authorize new facilities, expenditures on existing ones	recommend	✓
purchase, control, sell, manage property	approve	✓
accept gifts, grants, trusts, etc.		✓
manage/invest trusts & investments		✓
set tuition & fees	recommend	
issue/authorize bonds	recommend	
responsible for receipt of federal funds	✓	
establish financial aid/scholarship programs/policies	✓ ✓ recommend	
administer student financial aid	✓	

Table 9 (cont.)

authority to enter into contracts		✓
merge/close institutions	✓ recommend	
Personnel		
appoint president, assistants, faculty, staff		✓
fix salary of president	✓ recommend	
appoint other vice presidential-level officers		✓
appoint/fix salaries of other campus officers & faculty	✓ recommend salaries	✓ appoint
establish personnel policies for institutions	recommend	
Board(s) Operations		
establish rules for board's own governance	✔	
create committees/advisory groups	✔	
participate in/establish formal consortia	✔	
Other Responsibilities		
gather/disseminate higher education information for the state & its citizens	✓	
establish a statewide information/telecommunications network or television system (for instruction)	✔	
mediate disputes among constituent campuses	✔	
establish affirmative action or minority representation policies	✔	
address various geographic (access) mandates	✔	
conduct workforce supply & demand studies	✓	
establish remedial education policies/programs	✔	
establish vocational education programs	✔	
State Higher Education Policy		
advise governor/legislature on higher education issues	✔	
propose new/revised higher education legislation	recommend	
identify/rank statewide higher education priorities	✔	
conduct master/strategic planning	✔	
Value-added		
develop diversity enhancement strategies	✓ recommend	
In addition		
coordination of institutional strategic plans	✓	
monitor higher education activities for compliance with state/federal policies & regulations	✓	

✓ source = Revised Code of Washington (RCW)
✔ source = *Waller (2000)*

Table 10

State: Wisconsin	
Title: **Board of Regents of the University of Wisconsin System**	
Governance Structure: Consolidated Governing Board	
Composition: 17 members (2 ex-officio); 14 appointed by Governor for 7-year terms	
Regulatory Scope: 4-year & 2-year public colleges/universities (13 each)	
Comments: Two-year campuses are called "freshman/sophomore colleges."	
Responsibilities	***Governing Board***
Academic	
approve institutions' missions	✔
approve new programs/terminate existing ones	✔
conduct regular program/curricular reviews	✔ set policy
establish credit transfer policies	✔
establish student academic progress policies	✔
confer degrees	✔
set enrollment levels	✔ approve
approve or develop admission standards	✔
Fiscal	
develop a unified budget	✔
make and receive appropriation requests	✔
budget allocation to campuses	✔
authorize new facilities, expenditures on existing ones	✔
financial reporting	✔
purchase, control, sell, manage property	✔
accept gifts, grants, trusts, etc.	✔
manage/invest trusts & investments	✔
set tuition & fees	✔
establish financial aid/scholarship programs/policies	✔
Personnel	
appoint/remove Chancellor and presidents	✔
fix salaries of Chancellor and presidents	✔
appoint/remove/fix salaries of other system/campus vice presidential-level officers	✔
appoint/remove/fix salaries of other campus officers and faculty	✔
establish personnel policies for institutions	✔
grant/deny tenure	✔
approve requests for leaves/sabbaticals	✔
adopt incentive/reward programs for employee excellence	✔

Table 10 (cont.)

Board(s) Operations	
keep minutes of meetings/publish reports of activity	✔
open meetings to public	✔
establish rules for board's own governance	✔
participate in/establish formal consortia	✔
Other Responsibilities	
gather/disseminate higher education information for the state & its citizens	✔
establish a systemwide telecommunications network, including TV system, for instruction	✔
establish affirmative action or minority representation policies	✔
conduct workforce supply & demand studies	✔
establish policies on sexual harassment or abuse	✔
establish vocational education programs	✔

✓ source = Wisconsin Statutes
✔ source = *Waller (2000)*

Governance of Public in Higher Education in Oregon

Early History of Governance of Public Higher Education in Oregon

Like many of the earliest multicampus system states (Florida, Iowa, Georgia, Montana, New York, and North Carolina, among others), Oregon aggregated former normal schools and land-grant colleges under the same board. In 1929, the Oregon Legislature abolished the separate governing boards of the University of Oregon, Oregon State College, and three normal schools at Ashland, La Grande, and Monmouth, as well as the State Board of Higher Curricula. The new law established a State Department of Higher Education with a single governing board of nine lay members. The apparent reasons for the reorganization were based in legislative frustrations with intense rivalries among institutions (particularly between the state university and the state college), duplication of programs, and strong advocacy for state funds. These reasons are highly similar to those given for the establishment of most of the earliest state systems in the country.

The new governing board, the State Board of Higher Education, assumed its responsibilities on July 1, 1929, and immediately arranged with the U.S. Office of Education to conduct a comprehensive curricular survey of its institutions as a basis for determining its division of curricular allocation among the institutions and avoiding duplication. The Board, also in May 1931, decided that the entire System would be under one administrative head, the Chancellor. A year later, W.J. Kerr, who had served for 25 years as president of the State College at Corvallis, was appointed Chancellor; he served until his retirement in 1935. In the earliest years of the System, the legislature and Board, as well as Chancellor Kerr, conceptualized the administrative organization of the System in a highly centralized form that included numerous interinstitutional committees of administrators, and even single administrators of common functional program units (e.g., libraries, graduate studies, elementary teacher training, dormitories).

The rigorous monitoring of distinctive curricular allocations, particularly between the State College and the University of Oregon, yielded in the early 1940s to pleas for more balanced curricular allocations at both institutions, that were justified in terms of growing access needs. The demand for greatly increased access opportunities after World War II stimulated the transformation of the Vanport Extension Center in Portland into Portland State University (1969). In 1960, the Oregon Institute of Technology was added into the System in order to meet needs for technical personnel. With the consolidation of the several University of Oregon health science schools in Portland in 1973 to the academic health science centers model emerging nationally, the Oregon State System of Higher Education assumed the configuration it would hold until 1995, when the Oregon Legislature concurred with Oregon Health Sciences University's proposal that the institution become a statutory public corporation separate with its own governing board.

Sources: Byrne, 1940; Oregon State Board of Higher Education, 1979; Richardson et al., 1999

Recent History of Governance Changes in Oregon Public Higher Education

In the fall of 1997, Governor Kitzhaber's Task Force on Higher Education and the Economy delivered its draft report which contained, among numerous recommendations, a proposal to make each OUS campus semi-autonomous. Task Force members argued that a centrally managed system constrains institutions from responding to learner markets that were making unprecedented demands on higher education. To achieve the requisite freedom and flexibility, each campus would have the latitude, if it chose, to establish its own governing board and policy structure.[5]

Governor Kitzhaber shared his thoughts on the Task Force recommendations with the Board of Higher Education on December 19, 1997. He emphasized three major areas for change: shift from a focus on institutions' needs to meeting student/economic marketplace demands; establish a budget process that allows tuition and public dollars to follow the student; and maintain the System and the central authority of the State Board of Higher Education while giving institutions greater autonomy in business, program, and performance contracting areas.

In the months that followed, the Board's Governance and Structure Committee guided revision of the Internal Management Directives (IMDs) to streamline the academic program review and approval process (while still accommodating the state's Office of Degree Authorization's requirements) and moved program recommendations to the Board's consent agenda for expedited approval. Over the next year, the Budget and Finance Committee oversaw the fundamental overhaul of the budgeting process and produced the new Resource Allocation Model (RAM) in time for submission of the 1999-2001 biennial budget request to the Governor. The Governance and Structure Committee led revision of campus mission statements, refined performance goals and indicators, and opened extended deliberations with the full Board on how better to receive public input from citizens, clients, and constituencies regarding programs and services delivered by the institutions, possibly through institutional advisory councils/boards/committees.

Iterative deliberations about whether to provide guidelines for formalized processes to enhance public input were carried on among the Governance and Structure Committee, the full Board, Governor Kitzhaber, the Chancellor, the institution presidents, and other interested parties from winter of 1998 into the summer of 1999.

Presidents reviewed with the Governance and Structure Committee those advisory councils, foundation boards, and other groups already in existence. Several expressed reservations about duplication or displacement of these bodies with the proposed advisory board structure. At its October 1998 meeting, a proposed IMD establishing policy for soliciting public input was tabled by the Board for further consideration. Board deliberations continued on sorting out differences between campus governing boards and campus advisory boards, leading to discussion in December 1998 with an Association of Governing Boards' consultant about tensions between issues of institutional autonomy, on the one hand, and Board oversight and System integration on the other. The recast and renamed System Strategic Planning (SSP) Committee and the full Board continued to deliberate the issue of institutional advisory boards into the next year. At the February 1999 meeting, the Board confirmed it would be supportive of presidents having the autonomy to set up what they need to have

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[5] Governor's Task Force on Higher Education and the Economy, 1997, p. 46

in terms of advisory groups, and that while Chancellor Cox could receive requests from the presidents to form advisory councils and report back to the Board, presidents could also appoint advisory bodies on their own. Thus, the presidents were encouraged to proceed with what they were already empowered to do.

Sources: Governance and Structure Committee of the Oregon State Board of Higher Education, December 1997-May 1999; Oregon State Board of Higher Education, December 1997-May 1999

Table 11

State: Oregon	
Title: **Oregon State Board of Higher Education**	
Governance Structure: Consolidated Governing Board	
Composition: 11 members (2 students, may have 1 faculty) appointed by Governor for 4-year terms	
Regulatory Scope: 4-year universities	
Comments: Institutions may have their own advisory boards or councils.	
Responsibilities	***Governing Board***
Academic	
approve institutions' missions	✔
approve new programs	✔
conduct regular program reviews	✔
maintain program inventory	✔
approve off-campus programs offered by institutions	✔
evaluate institution effectiveness	✔
establish credit transfer policies	✔
confer degrees	✔
establish policies/regulations for institutions	✔
approve or develop admission standards	✔
develop reciprocal/exchange programs (including international)	✔
Other academic responsibilities:	
▸ articulation with community colleges to enhance transfer	✔
▸ coordinate student recruitment/high school visitation program	✔
▸ address various geographic (access) mandates; establish new centers & branches	✔
▸ performance & accountability initiative	✔
▸ Proficiency-based Admission Standards System (PASS) aligned with K-12 reform	✔
▸ establish policies/programs re: diversity	✔
▸ coordinate distance education delivery, virtual catalogue & service center	✔
▸ statewide teacher quality assurance	✔
▸ coordinate Systemwide activities/programs	✔
▸ allocate federal grant funds to Systemwide/statewide projects	✔
▸ develop engineering, high-tech, & other special programmatic initiatives	✔
▸ conduct supply & demand studies	✔

Table 11 (cont.)

Fiscal	
develop a unified budget	✔
make & receive appropriation requests	✔
budget allocation to campuses	✔
authorize new facilities, expenditures on existing ones	✔
financial reporting	✔
conduct internal audits	✔
purchase, control, sell, manage property	✔
accept gifts, grants, trusts, etc.	✔
manage/invest trusts & investments	✔
set tuition & fees	✔
responsible for receipt of federal funds	✔
Other fiscal responsibilities:	
▸ development of new Resource Allocation Model	✔
▸ capital master planning	✔
▸ SB 271 - procedural autonomy in business/personnel areas	
▸ centralized payroll system	✔
▸ centralized telephone/telecommunications systems; IT planning	✔
Personnel	
appoint, evaluate, remove Chancellor and presidents	✔
fix salaries of Chancellor and presidents	✔
establish personnel policies for institutions	✔
establish various employee benefits plans	✔
Other personnel responsibilities:	
▸ hear grievances under specific circumstances	✔
▸ collective bargaining	✔
State Higher Education Policy	
advise governor/legislature on higher education issues	✔
propose new/revised higher education legislation	✔
identify/rank statewide higher education priorities	✔
conduct master/strategic planning	✔
Other state higher education policy responsibilities:	
▸ meet regularly with State Board of Education on matters of joint concern	✔

Table 11 (cont.)

Board(s) Operations	
keep minutes of meetings/publish reports of activity	✔
open meetings to public	✔
establish rules for board's own governance	✔
create committees/advisory groups	✔
participate in/establish formal consortia	✔
Other Board/System Responsibilities	
public affairs, corporate liaison	✔
advocacy at state & federal levels	✔
provide centralized institutional research services serving System needs	✔
economic development	✔
gather/disseminate higher education information for the state & its citizens	✔

Strengths and Weaknesses of Major Governance Structures

State-level governing boards of all major types have had their critics in this past decade both inside and outside the academy. Elsewhere in this report we have noted the recent major reorganizations that have occurred in a few states based on stakeholder dissatisfaction with the governance model usually expressed as excessively costly and inefficient, overly bureaucratized and nonresponsive to new needs and demands, or blocking the legitimate aspirations of evolving institutions. It also bears observing that, even while degrees of decentralization and privatization are going on within centralized systems in some states, the inexorable movement toward unification and systematization goes on in others (e.g., new, ever-larger public systems developed in Texas and Minnesota in the 1990s). Several years ago, Aims McGuinness predicted that "[d]espite all the challenges and a few successful radical changes, multicampus systems are likely to be even more a characteristic of American public higher education in 2015 as they are in 1995. What will change most dramatically is what constitutes a 'system'; changes will be made in how systems are led and how they function, both internally and in relationship to multiple external stakeholders."[6] Understanding strengths and weaknesses of enduring models, as well as emergent ones, may lead toward reforming them without "blowing up" stable structures.

Each type of governance structure has strengths and weaknesses. Although some of these are inherent to the structure of the specific board, others are influenced by external and situational factors. For example, a consolidated governing board with significant fiduciary responsibilities for multiple institutions will be weakened if its members are provided incomplete or inaccurate information upon which to base their decisions. In another scenario, the advice of a statewide coordinating board to the legislature may be overwhelmed by lobbying of strong institutional boards.

Consolidated Governing Boards

One of the great strengths of consolidated governing boards is the extent of their authority. These boards have responsibility in three critical areas: institutional mission and academic program approval; resource development, advocacy, and budget allocation; and CEO/presidential appointment, evaluation, and removal. A weakness may be that presidents' powers to lead and manage their institutions are circumscribed by the powers of the governing boards and system chancellors.

Along with the balance of centralized governance and institutional autonomy is the ability of one board governing constituent institutions to treat each institution fairly in relation to its mission-based responsibilities. Particularly in nontiered systems where campuses may represent substantially different types, from small regional comprehensive institutions to national research universities, consolidated governing boards struggle with the challenge of "equivalence of difference," that is, how to provide just and appropriate but not standardized treatment of (nonstandard) institutions. Policies and resource allocations may drive toward the middle in highly heterogeneous systems.

[6]McGuinness, in MacTaggart & Associates, 1996, p. 207

Another strength of consolidated governing boards is the unique balance they achieve between representing the interests of the state and those of the constituent institutions. That is a delicate balance indeed. A potential weakness of these boards is not achieving or maintaining that balance. Some may consider these boards too parochial for effective statewide planning, believing that the board members and system officers are more concerned with the institutions' needs than the overall educational needs of the state, a concern about which we in Oregon have been admonished in recent years.

Another potential challenge for a consolidated governing board is ensuring that adequate time is spent in developing a deep knowledge of, and providing guidance to, constituent institutions. Due to size, geographic location, or type, some institutions may not receive the attention they need from the board, and the board may not be sufficiently knowledgeable to exercise its decision-making responsibilities well.

A critical component of the success of the consolidated governing board is strong, nonpartisan leadership. However, a weakness may be that the board is unduly influenced politically. One must remember that the majority of these boards are "political" appointments. An innovation in some states is a blue-ribbon citizen committee that reviews and recommends candidates for public roles such as board memberships. On the other hand, the board may not perform according to the governor's or the legislature's expectations.

Another potential weakness relates to the overall body of knowledge that consolidated governing boards need to have to be effective. The scope of their authority, and the limited length of the tenure on these boards, makes it difficult for members to attain the breadth and depth of knowledge necessary for thoughtful decision making (and perhaps makes board members unduly dependent upon long-term staff who possess institutional memory and personal power).

Another strength of consolidating governing boards relates to the synergy that can be mustered by combining the expertise and resources of multiple institutions to solve problems or meet identified state needs (i.e., prepare more engineers and provide for the advanced training needs of high-tech companies). A board can encourage and incent partnerships and collaborative activity within the sector and with other sectors.

Finally, a consolidated governing board can ensure overall accountability for the sector's performance at the statewide level, while adapting performance expectations that are appropriate to mission at the institutional level.

Coordinating Boards

One of the strengths of coordinating boards is that the scope of their authority usually includes community and technical colleges and sometimes limited authority over private colleges. This allows coordinating boards to represent the interests of the state more seamlessly. With very limited authority over institutional management, coordinating boards can focus more attention on state-level policy and planning work and coordination rather than on governance.

Another significant strength of coordinating boards is that while they generally incorporate institutional governance, they are distant from it, thus creating a system of checks and balances rather than depending on a single line of authority and accountability. However, in states with limited numbers of institutions, and only one or two consolidated governing boards, the cost of supporting a separate planning function may be unwarranted and the coordinating/planning function redundant.

Other weaknesses of this type of board are they have (1) no authority over institutional budgetary, academic, or personnel decisions (this could also be perceived in a positive light); (2) no way to ensure that their strategic or master planning is implemented; and (3) no natural constituencies or "political power base." This puts them in a rather tentative relationship with the governor, the legislature, the institutions being coordinated, and even with the public.

Particularly in states with numerous institutions and organizational complexity, coordinating boards/commissions can strategically plan for postsecondary education needs of the state in a way that is objective and credible.

Planning Agencies

Only Delaware and Michigan have chosen to have state-level higher education planning agencies as their highest level statewide structure, and for different reasons. With so little experience nationally with this model, and two dissimilar state approaches, it is difficult to say more than that a planning agency conducts studies, has no governance authority whatsoever, and may or may not administer student aid programs.

Without one or more consolidated governing boards and/or a state-level coordinating board, individual institutions are truly autonomous, governed by their own boards, and on their own in the competition for resources, students, programs, etc. There are no operative checks and balances beyond gubernatorial/legislative leverage. Arguably, Michigan's institutions have succeeded well under these conditions and the state seems to prefer its highly decentralized environment.

Sources: Callan, 1991; Gaither, 1999; McGuinness, in MacTaggart & Associates, 1996; Millett, 1984; Waller et al., 2000

Management Flexibility and the Public Corporation Model

Many proponents of increased management flexibility and decentralized governance of public higher education look to the experience of states that, particularly in the past decade, have sought exemptions from certain state controls as appropriations declined. Three interrelated concepts are being considered or developed with similar ends in mind: state-assisted institutions, public corporations, and charter schools.

The term *state-assisted* is now commonly used by large, research-oriented flagship public institutions across the country to describe their state funding status, as more and more of their total support is self-generated and state support is proportionately reduced. By implication, these institutions argue, declines in state support should be accompanied by proportional declines in state controls, since a large measure of independence is needed by institutional entrepreneurs to competitively generate nonstate revenues.

Charter schools, a controversial and growing movement in K-12 education, suggest even greater freedom from state controls than *state-assisted*. At the public college level, the idea holds potential. However, it is difficult to locate actual models where implementation has occurred, probably due to the dominance of consolidated governing boards, multicampus systems, and coordinating board models. One oft-cited model is St. Mary's College in Maryland, a small (1,432 students) public liberal arts baccalaureate institution that operates outside the University of Maryland System. This institution has its own governing board and enjoys a hybrid public-private status with considerable state-delegated managerial flexibility balanced with accountability requirements.

The *public corporation* model, and various of its partial forms, has attracted widespread attention since the early 1990s. In its "true" form (e.g., University System of Maryland since 1999, University System of New Hampshire, University System of Georgia, University of Maine, Oregon Health & Science University), whether constitutionally based or based on more recent legislation, these systems or institutions have varying degrees of freedom from state regulation of fiscal and business operations. The University System of New Hampshire's (USNH's) charter declares it to be a "body corporate and politic" (RSA 187-A:1), whose single 27-member Board of Trustees is responsible for the governance of the University System and the management and control of all the affairs and property of the System (RSA 187-A:2-16). According to Chancellor Stephen Reno, "notwithstanding our modest public subsidy (15% of a $.5 B budget), we enjoy a freedom that is relatively unusual." USNH has its own procurement policies, personnel system, and retirement plan. The University System of Georgia (USG) has complete autonomy in personnel matters and voluntarily abides by state procurement regulations. Its Board of Regents is constitutionally created and given wide authority over the USG. The state universities in Illinois have quasi-public corporation status, with their own legal counsel, personnel systems, and Boards of Trustees; however, as state agencies they must abide by various operational regulations in business affairs.

Oregon has recent experience with the public corporation model. Funding declines in the early 1990s due to voter approval of Measure 5 (a tax repeal initiative) severely affected the Oregon State System of Higher Education (OSSHE). Faced with constrained student access and limited funding prospects, the Board, System, and campus leaders searched for a structural solution that would conserve resources for reallocation to instructional support. This solution, a controversial trade-off (OSSHE's promise to enroll 2,000 additional students with no additional state funds in return for removal from

various state regulations), was successfully pursued through the passage of legislation (SB 271: The Higher Education Administrative Efficiency Act) in July 1995. This Act did not transform OSSHE into a true public corporation, but it did succeed in establishing the System as a state agency independent of certain state regulations by shifting authority in specific fiscal and business operations: purchasing, contracting, personnel, collective bargaining, printing, and travel policies. Accountability for the transferred authority is provided by the System through executive and legislative branch reports, budgets, plans, and performance outcomes.

While the Oregon State Board of Higher Education was advancing toward quasi-public corporation status, one of its member institutions, the now named Oregon Health & Science University (OHSU), operating in an increasingly turbulent health care environment, was pursuing legislation to achieve the flexibility and autonomy from state regulations to reasonably compete in its specialized situation (SB 2). A positive outcome for OSSHE from the attainment of full public corporation status for OHSU was that OSSHE would no longer be liable in the event of OHSU shortfalls resulting from hospital business operations.

For this report, two brief case studies of movement to public corporation status are offered. The first is a state's public university system, the University System of Maryland, that became a public corporation effective July 1999. The second is a single specialized public institution, Oregon Health & Science University, that became a public corporation effective July 1995.

Sources: Ihrig, 1996; MacTaggart & Associates, 1996 & 1998; New Hampshire General Court, 1983; S. Reno, personal correspondence, December 6, 2001

Public Corporation: Case Studies

University System of Maryland: From Consolidated Governing Board to Public Corporation

Creation of the University of Maryland System

Prior to the 1988 legislation that established the University of Maryland System, later to become the University System of Maryland (USM), the state's public institutions were governed by four boards with little overall coordination. Concerns with perceived inefficiencies, duplicative programs, lack of student diversity, and limited state funding support led to Governor Hughes' appointment of the Hoblitzell Commission. It fell to his successor, Governor Schaefer, to oversee passage of a bill in the 1988 legislative session that among other provisions:

- dissolved the State Board for Higher Education;
- created a strong statewide coordinating agency, the Maryland Higher Education Commission;
- combined 11 of the state's public four-year institutions into the University of Maryland System to be governed by a single 17-member board (Morgan State University and St. Mary's College would retain their independent governing boards);
- established a statewide vision for higher education, titled the Maryland Charter for Higher Education, that included a high degree of coordination, mission specificity, and performance accountability;

- enhanced the historically black institutions and diversity goals and programs generally;
- promoted the University of Maryland, College Park as the flagship institution;
- developed a research center in Baltimore;
- promoted excellence in faculty and programs; and
- stimulated outreach and promoted economic development.

In brief, the responsibilities of the new System's Board of Regents dating from 1988 included appointing the Chancellor and the presidents. Leadership responsibilities of the Chancellor included conducting Systemwide planning, coordinating and arbitrating among institutions, providing technical assistance, and assisting institutions toward their goals. Each institution was granted authority to establish an institutional advisory board (Board of Visitors) to assist the president.

The responsibilities of the System reflected the provisions of the founding legislation. Considerable continuity (or overlap) was evident between the powers of the institutional presidents and those of the System regarding development of missions and goals, academic programs, budget requests, admission standards, tuition and fees, etc. Between 1988 and 1998, significant changes in the state's postsecondary and higher education governance structure occurred. These included:

- abolishing the State Board of Community Colleges and giving authority to oversee coordination of the community colleges to the Maryland Higher Education Commission (MHEC) (1991);
- giving additional procedural autonomy to St. Mary's College (1992) and Morgan State University (1994) over budget, personnel, and procurement;
- allowing St. Mary's and the System (1993) additional authority to manage their capital programs;
- requiring reports of the University of Maryland System institutions' boards of visitors (1994) regarding progress toward meeting institutional goals;
- granting additional flexibility to Morgan State University and to the System (1995) to create additional personnel positions within a state budget cap;
- requiring the public higher education sector (1996) to enter into agreements with business entities for cooperative training and research arrangements; and
- renaming the System (1997) to the University System of Maryland (USM).

<u>Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland</u>

The impetus to establish a task force to study the governance, coordination, and funding of the USM in 1998 stemmed largely from interest in assessing how successfully the 1988 restructuring had been implemented, recognition that funding goals of the 1988 Charter had clearly not been met, and concerns about overlaps and inefficiencies of division of responsibilities among the Maryland Higher Education Commission, the USM Board of Regents, and the campus presidents. From September through December 1998, the task force gathered information, invited testimony, and engaged consultants from the Association of Governing Boards (AGB) and the Education Commission of the States (ECS) to study the situation and make recommendations.

Although much progress was identified by the task force, considerable dissatisfaction was expressed by presidents about the regulatory and centralized versus facilitative USM administration, overlapping authority patterns of the USM and the MHEC in mission determination and program

approval processes, and inadequate levels of funding, in part due to the economic recession of the 1990s. Despite some of the testimony, and guided by the consultants' analyses, the task force decided to recommend that the legislature fine tune (rather than disestablish) the USM toward more facilitative and coordinative roles, reduce or free the USM and the institutions from excessive authority overlap with the MHEC, and change the responsibilities of the MHEC generally to focus more on planning. The task force recommended that the MHEC should coordinate a strategic planning process to produce a State Plan with buy-in from all major stakeholders. This plan ideally would serve as the blueprint/context for developing and reviewing mission statements, programs, and budget priorities. The task force affirmed original goals of the 1988 legislation and recommended additional support for, and differentiation of, the institution members of the USM. The task force opposed any withdrawal of institutions from the USM (of concern was the University of Maryland, College Park) and advocated more active roles for institution presidents in advising the Board of Regents. The task force proposed that new formats should replace existing ones for developing highly specific mission statements and performance agreements.

The specific mission statements would be the "contractual" context for presidents to exercise greater authority in establishing new programs. However, the Chancellor and Board of Regents would continue to review and approve proposed new programs in relation to mission and resources. Beyond the USM level, the MHEC would review new program proposals against three potential objections: (a) inconsistency with the institution's mission, (b) unreasonable duplication that would cause demonstrable harm to another institution, and (c) violation of Maryland's equal opportunity obligations. Institutions would be required to work with MHEC to resolve concerns before implementation would occur.

Importantly, toward the goal of increasing flexibility in management (procurement, personnel, and information management), the task force recommended that the USM should be made a public corporation and that costly reporting requirements should be reduced. Then, the task force argued for state commitment to long-term stable funding of higher education, indicating minimum student FTE funding levels for the different types of USM institutions relative to their peers. The task force proposed other funding requests to fund capital needs, to incent private donations, and to strengthen campus foundations. Finally, it detailed the legislation necessary to implement its recommendations.

Restructuring to Public Corporation Status

Governor Parris Glendening and the 1999 Maryland General Assembly responded positively to the recommendations of the task force. Senate Bill 682 encompassed their recommendations in a sweeping and thorough manner. Legislators embraced the idea of the USM as a public corporation in its business operations; they endorsed planning and prioritizing for development of the full potential of all USM institutions in a differentiated manner. They endorsed giving presidents increased management responsibility while requiring them to meet specific objectives in their institution's performance accountability plan. They reduced the regulatory scope of the MHEC with respect to new program approval and program productivity review, and mission review, and redirected the MHEC toward statewide planning. And, awaiting development of new funding guidelines by the MHEC, the legislation requested the Governor increase base budgets of certain USM institutions in a fiscal 2000 supplemental budget and in each subsequent operating budget, as necessary, according to minimum specified funding levels per student (e.g., $12,284 per FTE student in fiscal year 2000 and $13,443 in 2001 for the University of Maryland, College Park; other

institutions, for other reasons, would receive considerably lower minimum supplements as a remedial step in providing each institution with greater resources).

Conclusion

In conclusion, although the USM is in the early years of implementing the legislation that granted it public corporation status and a great deal more flexibility, the recovery of Maryland's economy and (what appears to be) widespread stakeholder support for public higher education bode well for the longer-term success of these governance changes.

Sources: Maryland General Assembly, 1999; Task Force on the Governance, Coordination, and Funding of the University System of Maryland, 1999

Oregon Health & Science University: From Institutional Member of a Consolidated Governing Board to Public Corporation

Evolution of a Specialized Institution

University of Oregon Health Sciences Center was formed as a separate institution under the direction of the Oregon State System of Higher Education (OSSHE) in 1974. The schools of Dentistry, Medicine, and Nursing were brought together under one umbrella to create this new center. The center became Oregon's only academic health center and one of 125 in the nation. It was renamed Oregon Health Sciences University (OHSU) in 1981 and Oregon Health & Science University (OHSU) in 2001 when the Oregon Graduate Institute (OGI) merged with it. From 1974 through June 1995, OHSU operated as part of the Oregon public higher education system, a consolidated governance structure composed of eight institutions, with as much as 42% of OHSU's budget coming from the state. In this arrangement, OHSU was governed by the fiscal and academic policies of the Oregon State Board of Higher Education (OSBHE).

As a nationally ranked academic health sciences center, OHSU provides academic programs in health and science fields as well as operates two hospitals, dozens of primary care and specialty clinics, research institutes and centers, and community service programs.

In 1988, when OSBHE appointed Peter Kohler as president of OHSU, it noted its plans to request an increase from 28% to30% in state funding for OHSU for the 1989-1991 biennium. The OHSU strategic plan, discussed by OSBHE in September 1990, announced the new outreach direction of exporting parts of the teaching programs around the state.

Impact of the Changing Environment for Health Care on OHSU

The changing health care industry, coupled with dwindling state resources in the Measure 5 era, created challenges for OHSU and threatened its position in the Portland area and the state of Oregon as a health care provider.

Issues relating to access, cost, and quality of health care dominated the landscape in the 1980s and prompted the restructuring of the health care industry across the United States. The competitiveness of the health care industry is affected by a confluence of factors: physicians, provider organizations,

health plans, and insurance companies. In the late 1980s and early 1990s, the managed care penetration in Portland was among the highest in the country; changes in Medicare and Medicaid reimbursement practices (federal funding) threatened indigent care provided by OHSU, and OHSU officials forecasted an $11 million deficit for the University Hospital for the 1989-1991 biennium unless additional sources of revenue were located or unreimbursed costs reduced. The increase in malpractice suits and the size of the awards also created greater financial risk for OHSU (and OSSHE, as well). The state's rules and procedures were onerous and caused unnecessary delays. These conditions were exacerbated by the implementation of the first phase of Measure 5 that required OHSU to make a 10% budget reduction in 1991. This reduction increased OHSU's reliance on other source of revenue, making it necessary for the university to be proactive, competitive, and agile.

Changing market forces made it increasingly difficult for OHSU as a state agency to respond quickly and with the flexibility essential to compete for necessary support and to remain viable in an environment that required continuous innovations in treatments and methods of service delivery. OHSU needed to be able to capitalize on the opportunities created by changes in the environment and advancing technology. Because the hospital appeared to be a financial drain, some outsiders suggested separating the University from the Hospital, as was happening in other parts of the country. OHSU officials believed that turning the University Hospital into another community hospital in the Portland area would result in loss of the mission of the academic health center where teaching, research, and patient care are brought together synergistically. These programs share resources, space, and personnel.

Planning toward Restructuring

In 1992, OHSU began discussions internally and externally about possible governance and structure models that would be more effective in this rapidly changing environment and remain financially viable. Among the models considered were the following: public service agency model, public corporation model, nonprofit model, and for-profit private corporation model. OHSU drafted legislation in 1993 that was reviewed by external constituencies, but Governor Roberts requested that OHSU not pursue legislation. Some were concerned that a change in status might diminish OHSU's interest and ability to provide the level of indigent care that was part of the University Hospital's mission (from its roots as the county hospital).

The implementation of the Oregon Health Plan in 1994 changed the Governor's perspective. State purchasing rules would have required OHSU to issue a separate Request for Proposals for each physician it chose to affiliate with statewide, effectively closing it out of participation in the Oregon Health Plan. Agreeing that participation by OHSU was important to the success of the plan, Governor Roberts gave OHSU approval to pursue the public corporation model (SB 2) in the 1995 legislative session. OHSU believed that the public corporation status would resolve problems of protracted decision making, complicated and duplicative administrative processes, high costs of business, especially when compared with competitors, and an inability to respond rapidly to changes in the health care environment. Under the public corporation model, OHSU envisioned it would continue to be a comprehensive academic public health center; it would become a state-assisted institution and a major health care deliverer.

Becoming a Public Corporation

In 1995, SB 2 was passed, enabling the state and OHSU to form an innovative partnership, transforming OHSU from a state agency into a public corporation with a more streamlined governance structure. In 1996, OHSU transitioned off the state general ledger and OSSHE payroll. In 1999, "housekeeping" legislation further clarified authority and operational parameters of the OHSU Board and made other minor changes. In 2001, SB 511 expanded OHSU's mission, changed its name, and expanded its board of directors from seven to ten members. The legislature approved OHSU's merger with Oregon Graduate Institute, a nonprofit graduate education and research institute. The new name, Oregon Health & Science University, reflects OHSU's expanded academic program offerings, which include science and engineering and create new interdisciplinary opportunities for research.

Key provisions of OHSU's public corporation status follow:

- The university is an independent public corporation created to carry out public missions and services. It is granted increased operating flexibility in order to ensure its success, while retaining principles of public accountability and fundamental public policy.

- The board of directors consists of ten members who, with the exception of the president, are appointed by the Governor and confirmed by the Senate. Nonstudent members serve four-year terms; one member is designated from the Oregon State Board of Higher Education.

- Directors, or university officials acting under them, exercise all the power of OHSU and govern the university related to university organization and administration, physical plant development, personnel arrangements, purchasing and procurement, property, gifts, investments, revenue sources, revenue bonds, insurance, campus security, contractual agreements, and all other fiscal and business matters.

- The university or the board sets and collects tuition and fees and establishes admission, academic progress, and student conduct policies.

- The university or the board creates, controls, set standards for, and adopts academic programs and awards degrees. (As a matter of long-standing practice and toward the goal of close academic collaboration and operation with Oregon University System [OUS, formerly OSSHE] institutions, OHSU has continued to present new programs for review by the OUS Academic Council and the State Board of Higher Education.)

Conclusion

Although no longer a state agency, OHSU is not a private business. It retains responsibility for carrying out its public missions, including training nurses, dentists, and physicians. The state retains a corresponding responsibility to help support the costs of providing these and other public services.

OHSU has been able to maintain its programs and public missions while relying on fewer state dollars (7% of its operating budget) by reducing its costs through increased efficiencies. The board of directors has focused considerable attention on its fiduciary responsibility, overarching policy issues, and major strategic planning and has delegated operational matters and administrative policies to management. Several years after becoming a public nonprofit corporation, OHSU continues to serve as a model for academic health institutions in other states that are suffering severe budget shortages. However, serious challenges remain for OHSU in the volatile managed health care market and in attracting needed state support for its public service missions.

Sources: L. Hallick, personal interviews, November 15 and December 7, 2001; two reports from the Oregon Health & Science University, 2001; Oregon Legislative Assembly, 1995, 1999, 2001; Oregon State Board of Higher Education, 1974-1995

Recent State-level Governance Changes

In the last couple of years, two states – Florida and West Virginia – have made major changes in their higher education governance structures. Following are the highlights of those changes.

Florida

In 2000, the Florida Legislature passed HB 2263, which set forth responsibilities for a statewide Board of Education that voters had added to the Constitution in 1998. This new superboard would replace the statewide K-12 board and three postsecondary boards – one board that governed two-year institutions, the 13-member Board of Regents of the university system, and postsecondary planning commission – along with 12 other agencies, boards, and divisions that had education and workforce responsibilities.

Another feature of HB 2263 was that each of the ten public universities would have a gubernatorially appointed board of trustees. Each university board would have responsibility for:

- faculty collective bargaining,
- appointment and evaluation of presidents,
- setting tuition (within legislatively set limits),
- drafting and submitting budgets to Board of Education,
- day-to-day management of the institution, and
- approving/terminating undergraduate and master's programs.

The Governor would wield substantial power over state higher education; responsibility for appointing the university boards and the seven members of the Board of Education would give him or her "117 political plums to hand out."[7] The 28 community colleges and all K-12 schools would retain their own local boards.

The Governor appointed the Florida Education Governance Reorganization Task Force to make recommendations regarding implementation of the new law. Then, in 2001, SB 1162 (the Florida Education Governance Reorganization Implementation Act) was passed and signed into law, to take effect July 2001.

The massive change in Florida's educational governance structure happened after a period of political discontent. Critics of the dismantling perceived the reorganization to be the legislature's retribution for Regents voting their conscience rather than returning political favors. In the years prior to the restructuring legislation, the Board of Regents had halted legislators' attempts to establish campuses or new law schools in their own districts. (They wanted a medical school at Florida State University and law schools at Florida A&M University [an historically black university] and Florida International University.) Nor was the Board of Regents willing to make high-level institutional appointments to some legislators. The legislature also had a long history of getting involved in higher education management issues.

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[7]Selingo, May 11, 2001

Proponents of the governance change perceived the Board of Regents to be rigid and insensitive to the needs of the institutions, nor was it developing as seamless an educational system as the state leaders desired. Proponents argued that the new superboard would smooth the educational relationships among the sectors. It would also provide a level of flexibility to the institutions that they would need at a time when student enrollments were projected to be on the rise.

Other key elements of the 2001 bill include:

- An 11th university was created, New College, which had been a liberal arts division of the University of South Florida, Sarasota.
- Some community colleges would be allowed to offer upper-division programs and award bachelor's degrees in high-demand fields.
- A new performance-based funding formula will be phased in, connecting 10% of the state appropriations to institutions meeting performance standards.

One element rejected by the legislature was an attempt to limit their involvement in the universities' decisions by requiring a two-thirds legislative vote to override a Board of Education decision to establish new university or satellite campuses, or doctoral/professional programs.

The major responsibilities of the Board of Education, which are set forth in the 2001 bill, are:

- create a seamless educational system, K-graduate school,
- prepare a coordinated budget for all schools and colleges/universities within its jurisdiction,
- allocate resources,
- recommend to the legislature the missions of the public postsecondary institutions,
- conduct planning, including enrollment and diversity,
- approve/terminate doctoral/professional academic programs, and
- develop performance-based funding system and accountability standards, K-graduate school.

The bill also created the Council for Education Policy Research and Improvement to assist in state and national educational analysis and planning, and serve as an advisory body to the legislature and Board of Education.

Florida is currently in a period of transition. The task force continues to provide guidance during this process and will monitor the act's implementation through March 2003.

Sources: Center for Public Higher Education Trusteeship and Governance, 2001; Chronicle of Higher Education, The, August 31, 2001; Evelyn, May 7, 2001; Schmidt, May 19, 2000, & February 20, 2001; Selingo, May 11, 2001; Selingo & Basinger, January 19, 2001

West Virginia

Prior to July 2000, West Virginia had two state higher education governing boards – one with authority over West Virginia University, Marshall University, and the branch campuses; and one with authority over the state colleges and three community colleges. That all changed with the passage of SB 653. West Virginia's two state higher education governing boards were replaced with an interim board for one year. Then, as of July 1, 2001, each institutional advisory board became that

institution's governing board, and a new nine-member Higher Education Policy Commission was appointed.

Along with the new governance structure came a list of peer institutions for each institution, and the legislature allocated some monies accordingly ($9.2 million in peer equity and sustained quality). Overall, higher education received an additional $17.2 million in additional funds. Analysts believe that if the peer equity funding continues over four years, the institutions will meet their peer levels.

Responsibilities for the new Commission include:

- statewide planning and policy development and implementation,
- setting tuition/fee goals based on peer data, and
- developing guidelines for high-demand graduate-level programs.

The other major governance responsibilities will be shouldered by the institution boards.

Sources: Chronicle of Higher Education, The, July 14, 2000, August 2000, & January 5, 2001; Schmidt, September 29, 2000; Selingo, March 31, 2000

Considerations Preceding Reorganization and Restructuring of State Higher Education Governance Structures: Advice from Experts

Experiences Drawn from Other States

Even before considering changing state higher education governance structures, policy analysts *Schick, Novak, Norton, and Elam (1992)* suggest there is wisdom to be gained from the experiences of other states, as follows:

1. No single structure or organization is best for every state. Changes can be counterproductive and disruptive, distracting key parties from the main purposes of higher education.

2. Demonstrable improvements after reorganization may be hard to recognize and may be delayed or barely tangible.

3. A structure must be created that transcends the talents of particular leaders.

4. The number and types of institutions within a university system structure may have a major impact on how the system functions. For example, large systems may find it difficult to attend to local needs, and systems made up of institutions with divergent missions may need policies that support institutional differentiation.

5. Similarly, in the state structure, policy makers must consider the overall balance of institutions and boards, perhaps placing some institutions within a system and allowing others to remain independent.

6. States must create structures that grant as much autonomy and fiscal flexibility as possible, conferring sufficient authority on leaders while clearly expecting accountability.

Another frequently referenced set of guidelines cautioning against uncritically copying other states' systems and structures is offered by McGuinness (1997) who says there are no simple answers, no perfect models, and no end to conflicts (no matter what the model is):

1. Clear goals and objectives should precede reorganization. Reorganization is not an end in itself. Better to frame reorganization discussion around the state's situation and needs than around turf and power issues.

2. States should be explicit about the specific problems that were the catalysts for the reorganization proposals to avoid a disconnect between the problem and the solution.

3. States should weigh the costs of reorganization against the short- and long-term benefits. What are the costs, gains, and losses? Based on the experience of states that have made changes, is the timeline realistic given the true length of time needed to accomplish large-scale organizational change?

4. States should recognize that a good system takes into consideration both state and societal needs as well as the needs and desires of the constituent institutions. The challenge is to develop a state structure that fosters appropriate institutional autonomy but ensures responsiveness to public priorities set beyond the levels of individual institutions.

5. States should distinguish between state coordination and institutional governance. Coordination is concerned with state and system perspectives; governance relates to the direction by institutional leaders and/or institutional boards within the coordination framework.

6. States should examine the total policy structure and process, including the roles of the governor, executive branch agencies, and the legislature, rather than focus exclusively on the formal postsecondary/higher education structure. Find the source of the issue or problem and deal with it there.

Lessons for Policymakers

A third set of guidelines, consistent with those already offered, comes from MacTaggart (1996) in the form of "lessons" first for policymakers, and then for executives in bringing about change through restructuring. These are drawn from the literature and from his case studies.

1. By itself, governance restructuring doesn't improve anything. It may only change who is in charge rather than what is done and how well (i.e., affecting the quality of education, operating more efficiently, redistributing resources, calling attention to state priorities).

2. Cheaper and less dramatic alternatives to restructuring should be considered first. Since large-scale governance restructuring is expensive, time consuming, and improvements are by no means assured, consider alternatives and incentives to achieve reform goals first.

3. Restructuring will dominate the academic landscape, interrupt current operations, and drive out other worthwhile initiatives for a period of time. Restructuring dominates all other agendas and players due to the sheer multilayered work required, is highly stressful, and pushes a range of ongoing activities to the back burner.

4. Higher, not lower, costs are likely, at least in the short run. Reorganization requires personnel changes (e.g., severance and notice costs), new or improved technical systems and unanticipated costs (e.g., resolving salary differentials in a merger).

5. Lessons from corporate restructuring and private college mergers apply only partially in the public sector. Power is widely dispersed in public higher education, the clout and culture of faculty and employee unions have to reckoned with, etc., making restructuring processes different and challenging.

6. There is no "one size fits all" model for a restructured system; each must be uniquely designed. States differ greatly in their histories, traditions, resources, politics, public policy goals, preferences for more bureaucratized or less bureaucratized agencies, values, etc.

7. Dramatic results from restructuring may be a long time coming. Structure is not synonymous with the actual, desired reforms. Developing new policies, installing new systems, negotiating new agreements, hiring new leaders (or allowing for the adjustment of continuing leaders to the new order) – all take more time than anticipated.

8. Governance restructuring can bring about positive change over the long run. Healthy skepticism aside, there are instances where substantially changing governance models is inevitable and/or sensible. The point is that governance reorganization is a radical approach to change.

Lessons for Executives

MacTaggart offers lessons for executives, when the decision to restructure has been made:

1. Crisis creates opportunities. A real crisis (acute or chronic) in the state is essential to every significant restructuring. It legitimates change and empowers leaders.

2. Analysis, principles, and vision must come together. Otherwise, the opportunity for real change may be lost and support may not materialize.

3. Leaders must take on different roles. All key leaders to the change must be visionary, committed to implementation, energetic, relentlessly persistent in seeing change through, able to manage significant conflict, and collaborative in style.

4. Constituent participation is essential. Among other stakeholders, those whose working lives will be affected by the change must be fully engaged. Communication with the public is imperative if the costs and goals of restructuring are to receive the support they will require to sustain the change.

5. A restructuring team is indispensable and the senior staff to leaders needs to be in place for a number of years as the implementation agenda is carried out.

6. Leaders must develop specific organizational virtues: honesty about what works, trust, rigor and faith in actions that will lead to successful outcomes. The causes of restructuring failures in specific organizations have been documented to include leadership instability, public expectations for immediate results, failure to plan carefully, and lack of resources with which to implement the change process all the way to a successful conclusion.

Sources: MacTaggart & Associates, 1996; McGuinness, 1997; Schick et al., 1992

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